Case #: 09-90583-LAAD
Debtor.: PERPULY
Judge..: LOUISE ADLER
Chapter: AD
Filed : December 23, 2009 14:54:14
Deputy : RUSS PALUSO
Receipt: 207936
Amount : $250.00

B104 (FORM 104) (08/07)

ADVERSARY PROCEEDING COVER SHEET (Instructions on Reverse)	ADVERSARY PROCEEDING NUMBER (Court Use Only)
PLAINTIFFS Lucy Perpuly, an individual; Jorge Perpuly, an individual	**DEFENDANTS** Michael McKenzie, an individual d.b.a. Unified Realty; Diane McKenzie, an individual
ATTORNEYS (Firm Name, Address, and Telephone No.) Michael Spilger (619)232-7761 Law Offices of Michael Spilger 852 5th Ave., Ste. 320, San Diego, CA 92101	**ATTORNEYS** (If Known)
PARTY (Check One Box Only) ☐ Debtor ☐ U.S. Trustee/Bankruptcy Admin ☑ Creditor ☐ Other ☐ Trustee	**PARTY** (Check One Box Only) ☑ Debtor ☐ U.S. Trustee/Bankruptcy Admin ☐ Creditor ☐ Other ☐ Trustee

CAUSE OF ACTION (WRITE A BRIEF STATEMENT OF CAUSE OF ACTION, INCLUDING ALL U.S. STATUTES INVOLVED)

Complaint to Determine Non-Dischargeability of Debt Pursuant to Title 11 U.S.C. §523(a)

NATURE OF SUIT

(Number up to five (5) boxes starting with lead cause of action as 1, first alternative cause as 2, second alternative cause as 3, etc.)

FRBP 7001(1) – Recovery of Money/Property
- ☐ 11-Recovery of money/property - §542 turnover of property
- ☐ 12-Recovery of money/property - §547 preference
- ☐ 13-Recovery of money/property - §548 fraudulent transfer
- ☐ 14-Recovery of money/property - other

FRBP 7001(2) – Validity, Priority or Extent of Lien
- ☐ 21-Validity, priority or extent of lien or other interest in property

FRBP 7001(3) – Approval of Sale of Property
- ☐ 31-Approval of sale of property of estate and of a co-owner - §363(h)

FRBP 7001(4) – Objection/Revocation of Discharge
- ☐ 41-Objection / revocation of discharge - §727(c),(d),(e)

FRBP 7001(5) – Revocation of Confirmation
- ☐ 51-Revocation of confirmation

FRBP 7001(6) – Dischargeability
- ☐ 66-Dischargeability - §523(a)(1),(14),(14A) priority tax claims
- ☑ 62-Dischargeability - §523(a)(2), false pretenses, false representation, actual fraud
- ☐ 67-Dischargeability - §523(a)(4), fraud as fiduciary, embezzlement, larceny

(continued next column)

FRBP 7001(6) – Dischargeability (continued)
- ☐ 61-Dischargeability - §523(a)(5), domestic support
- ☐ 68-Dischargeability - §523(a)(6), willful and malicious injury
- ☐ 63-Dischargeability - §523(a)(8), student loan
- ☐ 64-Dischargeability - §523(a)(15), divorce or separation obligation (other than domestic support)
- ☐ 65-Dischargeability - other

FRBP 7001(7) – Injunctive Relief
- ☐ 71-Injunctive relief – imposition of stay
- ☐ 72-Injunctive relief – other

FRBP 7001(8) Subordination of Claim or Interest
- ☐ 81-Subordination of claim or interest

FRBP 7001(9) Declaratory Judgment
- ☐ 91-Declaratory judgment

FRBP 7001(10) Determination of Removed Action
- ☐ 01-Determination of removed claim or cause

Other
- ☐ SS-SIPA Case – 15 U.S.C. §§78aaa *et.seq.*
- ☐ 02-Other (e.g. other actions that would have been brought in state court if unrelated to bankruptcy case)

☑ Check if this case involves a substantive issue of state law	☐ Check if this is asserted to be a class action under FRCP 23
☐ Check if a jury trial is demanded in complaint	Demand $ 400,000.00

Other Relief Sought

BANKRUPTCY CASE IN WHICH THIS ADVERSARY PROCEEDING ARISES		
NAME OF DEBTOR Michael McKenzie Diane Veronica McKenzie	BANKRUPTCY CASE NO. 09-15245-LA7	
DISTRICT IN WHICH CASE IS PENDING Southern District of California	DIVISION OFFICE San Diego	NAME OF JUDGE Adler
RELATED ADVERSARY PROCEEDING (IF ANY)		
PLAINTIFF	DEFENDANT	ADVERSARY PROCEEDING NO.
DISTRICT IN WHICH ADVERSARY IS PENDING	DIVISION OFFICE	NAME OF JUDGE
SIGNATURE OF ATTORNEY (OR PLAINTIFF) Shanna E. Welsh		
DATE 12/23/09	PRINT NAME OF ATTORNEY (OR PLAINTIFF) Shanna E. Welsh	

INSTRUCTIONS

The filing of a bankruptcy case creates an "estate" under the jurisdiction of the bankruptcy court which consists of all of the property of the debtor, wherever that property is located. Because the bankruptcy estate is so extensive and the jurisdiction of the court so broad, there may be lawsuits over the property or property rights of the estate. There also may be lawsuits concerning the debtor's discharge. If such a lawsuit is filed in a bankruptcy court, it is called an adversary proceeding.

A party filing an adversary proceeding must also must complete and file Form 104, the Adversary Proceeding Cover Sheet, unless the party files the adversary proceeding electronically through the court's Case Management/Electronic Case Filing system (CM/ECF). (CM/ECF captures the information on Form 104 as part of the filing process.) When completed, the cover sheet summarizes basic information on the adversary proceeding. The clerk of court needs the information to process the adversary proceeding and prepare required statistical reports on court activity.

The cover sheet and the information contained on it do not replace or supplement the filing and service of pleadings or other papers as required by law, the Bankruptcy Rules, or the local rules of court. The cover sheet, which is largely self-explanatory, must be completed by the plaintiff's attorney (or by the plaintiff if the plaintiff is not represented by an attorney). A separate cover sheet must be submitted to the clerk for each complaint filed.

Plaintiffs and **Defendants.** Give the names of the plaintiffs and defendants exactly as they appear on the complaint.

Attorneys. Give the names and addresses of the attorneys, if known.

Party. Check the most appropriate box in the first column for the plaintiffs and the second column for the defendants.

Demand. Enter the dollar amount being demanded in the complaint.

Signature. This cover sheet must be signed by the attorney of record in the box on the second page of the form. If the plaintiff is represented by a law firm, a member of the firm must sign. If the plaintiff is pro se, that is, not represented by an attorney, the plaintiff must sign.

Case # : 09-90583-LAAD
Debtor.: PERPULY
Judge..: LOUISE ADLER
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Filed : December 23, 2009 14:54:14
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LAW OFFICES OF MICHAEL SPILGER
Michael Spilger, Esq. (SBN 72775)
Shanna E. Welsh, Esq. (SBN 234437)
The Onyx Business Center
852 Fifth Avenue, Suite 320
San Diego, California 92101
Telephone: (619)232-7761
Facsimile: (619)232-7313

Attorneys for Plaintiffs
LUCY PERPULY; JORGE PERPULY

UNITED STATES BANKRUPTCY COURT

SOUTHERN DISTRICT OF CALIFORNIA

In re: MICHAEL MCKENZIE; DIANE VERONICA MCKENZIE Debtors.	Bankruptcy Case No.: 09-15245-LA7 Chapter 7 Adversary Case No.: 09-90583 **COMPLAINT TO DETERMINE NON-DISCHARGEABILITY OF DEBT PURSUANT TO TITLE 11 U.S.C. §523(a)**
LUCY PERPULY, an individual; JORGE PERPULY, an individual; Plaintiffs, vs. MICHAEL MCKENZIE, an individual and d.b.a. Unified Realty, Inc.; DIANE MCKENZIE, an individual; Defendants.	

COME NOW PLAINTIFFS LUCY PERPULY AND JORGE PERPULY, individuals, appearing by representation of their attorneys, Michael Spilger and Shanna E. Welsh, of the Law Offices of Michael Spilger, who complain and allege the following ultimate facts and causes of action against defendants/debtors MICHAEL MCKENZIE and DIANE VERONICA MCKENZIE:

JURISDICTION AND VENUE

1. This court has subject matter jurisdiction over this adversary proceeding pursuant to 28 U.S.C. §§157(b)(2)(G)-(J) and 1334.

2. This adversary proceeding is a core proceeding under 28 U.S.C. §157 (b)(2)(G)-(J).

3. Venue is appropriate in this Court pursuant to 28 U.S.C. §§1409(a) and 157(b).

4. The causes of action are set forth against the Defendants in a pending civil complaint currently on file with the Superior Court of California, San Diego County, Central Division, case number 37-2008-00097183-CU-OR-CTL. The parties stipulated to arbitration and requested a stay of the civil proceeding while the case is heard by way of arbitration. A copy of the stipulation, and the Court's order thereon, are attached as ***Exhibit "1"*** to this Complaint. However, the Defendants failed to sign the agreement with the American Arbitration Association, and failed to pay arbitration fees. Plaintiffs intend to proceed in Defendants' absence if they refuse to appear for the arbitration hearing and fail to pay arbitration fees.

5. The Defendants filed for bankruptcy after the civil lawsuit was stayed, and after they were contacted by the American Arbitration Association to schedule an arbitration hearing.

6. The pending civil lawsuit referenced above is still stayed, due to this pending bankruptcy, as well as the stay for arbitration. Plaintiffs request that the bankruptcy court determine that the Plaintiffs' claims based on fraud shall be deemed non-dischargeable by the Bankruptcy Court. Thereafter, this matter may continue to arbitration with the American Arbitration Association, on those pending counts of fraud.

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THE PARTIES

7. Plaintiffs LUCY PERPULY and JORGE PERPULY (hereafter "Plaintiffs" or "BUYERS") are individuals who are residents of San Diego County, in the State of California, at all times relevant to this action.

8. Plaintiffs are, and at all times herein mentioned were, competent adults.

9. Plaintiffs are informed and believe, and based thereon allege, that Defendants MICHAEL MCKENZIE and DIANE VERONICA MCKENZIE (collectively "MCKENZIE" or "Defendants") are individuals and residents of the County of San Diego, in the State of California, at all times relevant to this action.

10. MICHAEL MCKENZIE and DIANE VERONICA MCKENZIE are the debtors in the above-captioned bankruptcy case.

11. Plaintiffs are informed and believe, and based thereon allege that Defendant MICHAEL MCKENZIE is duly licensed by the California Department of Real Estate as a real estate salesperson, license number 01185287.

12. Any reference to "Defendants" shall include reference to all of the above defendants listed in the paragraphs above.

13. Plaintiffs are informed and believe, and based thereon allege, that each of the Defendants were or are in some way responsible for, participated in, or contributed to the damages, matters and/or things of which Plaintiffs complain herein, have legal responsibility therefore, and/or are otherwise jointly and severally liable with some or all of the other Defendants herein for some or all of the relief sought by this Complaint.

STATEMENT OF FACTS

14. This adversary proceeding arises out of the fraudulent actions of the McKenzie Defendants, set forth below.

15. On April 23, 2007, Plaintiffs LUCINA and JORGE PERPULY (hereafter "Plaintiffs" or "Buyers") purchased real property located at 335/337 Woodman St., in the County of San Diego, State of California (hereafter "the Property"). The date of April 23, 2007, is hereafter referred to as the "close of escrow" or "COE".

16. MICHAEL MCKENZIE and DIANE MCKENZIE were the sellers of the Property.

17. The Plaintiffs and the Defendants used a California Residential Purchase Agreement that is attached to this Complaint as ***Exhibit "2", Residential Purchase Agreement ("RPA")***.

18. Plaintiffs are informed and believe, and based thereon allege that on April 19, 2007, prior to the close of escrow, a double homicide occurred at the Property. See ***Exhibit "3", Article about Homicides***. The homicides took place at 337 Woodman St., Unit A, in San Diego, California.

19. The Plaintiffs cleaned up the Property after the bodies were found. The double homicide caused body fluids, tissue, blood, skin, and hair to be shed throughout 337 Woodman St., Unit A. The Plaintiffs were required to hire a HAZ-MAT team to do a Biohazard Cleanup of the severe blood spill, and some of the blood was HIV positive.

20. The Buyers had to remove portions of the floor of Unit A in order to clean up the hazardous material. When they removed the floor boards, they saw a gaping hole in the foundation of 337 Woodman St. Further investigation revealed that the foundation of 337 Woodman St. was inadequate to support the structure.

21. The foundation was concealed from view by the floor and an external wall. Plaintiffs are informed and believe that the floor and the external wall had been replaced by the Defendants prior to the close of escrow, and new boards and supporting structure was installed by MCKENZIE prior to the close of escrow. Thus, the Defendants were aware of the condition of the foundation.

22. Plaintiffs are informed and believe, and based thereon allege, that the Defendants built a wall in order to hide the problems with the foundation. This wall prevented the physical inspector to observe the condition of the foundation of the Property.

23. Plaintiffs also discovered defects in the foundation of the 335 Woodman St. building that were not disclosed by the Defendants. Plaintiffs are informed and believe that the Defendants had knowledge of these defects.

24. MCKENZIE submitted a signed Transfer Disclosure Statement, attached hereto as ***Exhibit "4", Transfer Disclosure Statement ("TDS")***. In the TDS, the Defendants stated that they were unaware of any defects in the foundation, walls, fences, and other structural components of the Property. They also stated that they did not know of any settling, slippage, sliding or other soil problems.

25. Plaintiffs are informed and believe that the Sellers were aware of problems with the foundation, unpermitted walls and fences, and problems with other structural components of the Property.

26. Prior to the close of escrow, the Sellers submitted a signed Seller's Additional Disclosure statement. See ***Exhibit "5", Seller's Additional Disclosures ("SAD")***. In the SAD, the Sellers indicated that there were no deaths on the Property in the last three years, although a double homicide occurred there during the time when they owned the Property.

27. The Sellers stated in the SAD that there were no cracks or repairs to the foundation, and no problems with retaining walls. Plaintiffs are informed and believe, and based thereon allege that the Sellers knew the foundation of unit 337 was crumbling and this fact was covered up by the Sellers. Plaintiffs are informed and believe that the Sellers replaced all of the flooring in 337 Woodman St., Unit A, in the months prior to the close of escrow.

28. Further, the Sellers stated in the SAD that there was no illegal activity being conducted in any unit. Plaintiffs are informed and believe and based thereon allege that the

Sellers knew there was a robbery or break-in at the Property in 2006, and the Sellers knew this Property was once the target of border patrol raids.

29. Prior to the close of escrow, the Sellers submitted the Supplemental Statutory Disclosures. See ***Exhibit "6", Supplemental Statutory Disclosures ("SSD")***. In the SSD, the Sellers stated that there were no deaths at the Property in three years, although a double homicide happened while they owned the Property.

30. Defendant MICHAEL MCKENZIE is a real estate agent, duly licensed by the California Department of Real Estate, license number 01185287.

31. The Multiple Listing Service ("MLS") listing that was posted by Defendant MICHAEL MCKENZIE stated that the Property was in an R4 zoning area, meaning that the owner could put multiple units on the parcel of land. Furthermore, the Property was listed in the MLS as a two-on-one, meaning that there were already two units on one piece of land. The Property was described with two addresses, "335/337 Woodman St."

32. Plaintiffs are informed and believe that the local zoning classification was actually R1 at the time that the Property was listed for sale. This classification allows an owner to build only one residential unit at the Property.

33. Plaintiffs are informed and believe that, once the two units at 337 Woodman St. are torn down, they cannot rebuild them. They will be left with only the single unit at 335 Woodman St. Plaintiffs are informed and believe, and based thereon allege, that the Sellers knew this and failed to disclose it.

34. Plaintiffs are informed and believe, and based thereon allege that the Sellers knew and concealed the fact that the structure was defective and would have to be torn down, and that local zoning ordinances would not allow it to be rebuilt as a two-on-one.

35. Plaintiffs are informed and believe, and based thereon allege that the Defendants knew and concealed the fact that the structures built at the Property encroach onto the neighboring property.

36. The Property was not delivered to the Plaintiffs in the same condition that they knew or believed it to be in prior to the close of escrow.

37. The unit where the double homicide occurred was not rented to a tenant at any time after the murders occurred. This is the result of the murders, as well as the Plaintiffs' fear that leasing the space risks too much liability due to the foundation problem. As a result, the Plaintiffs have lost significant income and value from the Property.

FIRST CAUSE OF ACTION

(Intentional Misrepresentation and Conspiracy)

Plaintiffs bring their First Cause of Action for Intentional Misrepresentation and Conspiracy to Commit Fraud, against Defendants MICHAEL MCKENZIE and DIANE MCKENZIE, and allege that:

38. Plaintiffs incorporate paragraphs 1 through 34, inclusive, as though fully set forth at length herein.

39. During the time when the Property was in escrow, from approximately March 17, 2007, through April 24, 2007, Defendants made affirmative misrepresentations in which they suggested facts regarding that which is not true, and they did not believe these facts to be true. The Defendants made the following affirmative misrepresentations:

a. Statements made on the TDS, attached hereto as ***Exhibit "4"***, including omission to disclose a known defective condition in the foundation, walls, fences, and other structural components of the Property;

b. Statements made on the TDS, attached hereto as ***Exhibit "4"***, including omission to disclose knowledge of any settling, slippage, sliding or other soil problems;

c. Statements made on the TDS, attached hereto as ***Exhibit "4"***, including omission to disclose unpermitted improvements around the Property;

d. Statements made on the SAD, attached hereto as ***Exhibit "5"***, that there were no deaths on the Property in the last three years;

e. Statements made on the SAD, attached hereto as ***Exhibit "5",*** that there were no cracks or repairs to the foundation, and no problems with retaining walls;

f. Statements made on the SAD that there was no illegal activity being conducted in any unit.

g. Statements and description of the Property set forth on the MLS that the Property was in an area zoned R4, and that the Property had two viable, rentable structures on one parcel of land.

h. Statements made on the SSD that there were no deaths at the Property in three years

40. The misrepresentations stated above were material facts, essential to the analysis of the Plaintiffs and such that the Plaintiffs would not have acted as they did if these misrepresentations were not made.

41. The representations were false in that Defendants knew or should have known of defective conditions at the Property which they did not disclose on any of the above-referenced disclosure documents, nor any other documents, prior to the close of escrow. Plaintiffs are informed and believe, and based thereon allege that the Sellers knew, or should have known, that the homicides had occurred prior to the close of escrow; they knew, or should have known, that the Property was once the target of border patrol raids; they knew, or should have known, that the foundation of the Property was crumbling; they knew or should have known that the zoning classification of the Property had changed to R1. Plaintiffs are informed and believe that the defective foundation was deliberately covered up by the Sellers.

42. Defendants were aware of their duty to disclose all items that affect the value and desirability of the Property.

43. Plaintiff was justified in relying on the Sellers' and their agents' representations because the Sellers had a duty pursuant to Cal. Civ. Code § 1102, *et seq.*, to disclose all items that affect the value and desirability of the Property.

44. In reliance on Defendants' intentional misrepresentations, Plaintiffs purchased the Property.

45. BUYERS would not have purchased the Property if they had known about the defects that affect the value and desirability of the Property, or they would have requested the repair of these items, or a credit for the diminution of value due to the defects.

46. As a result of Defendant's misrepresentations, Plaintiff is damaged in the amount of diminution of value to the Property as a result of these defects, as well as compensatory and actual damages that the Plaintiffs have suffered as a result of their reliance on the Defendants' misrepresentations.

47. Alternatively, Plaintiffs seek rescission of the RPA contract and a refund for the cost of owning the Property, and actual losses resulting therefrom.

SECOND CAUSE OF ACTION

(Negligent Misrepresentation)

In the alternative, Plaintiffs bring this Second cause of action for Negligent Misrepresentation against Defendants MICHAEL MCKENZIE and DIANE MCKENZIE, and allege that:

48. Plaintiffs hereby repeat and reallege paragraphs 1 through 44, inclusive, as though fully set forth at length herein.

49. During the time when the Property was in escrow, from approximately March 17, 2007, through April 24, 2007, Defendants, and each of them, made affirmative

misrepresentations in which they suggested facts regarding that which is not true. The Sellers had no reasonable grounds for believing that the following affirmative misrepresentations were true:

a. Statements made on the TDS, attached hereto as ***Exhibit "4"***, including a positive assertion that there were no known defective conditions in the foundation, walls, fences, and other structural components of the Property;

b. Statements made on the TDS, attached hereto as ***Exhibit "4"***, including a positive assertion that the Sellers had no knowledge of any settling, slippage, sliding or other soil problems;

c. Statements made on the TDS, attached hereto as ***Exhibit "4"***, including a positive assertion that there were no unpermitted improvements around the Property;

d. Statements made on the SAD, attached hereto as ***Exhibit "5"***, that there were no deaths on the Property in the last three years;

e. Statements made on the SAD that there were no cracks or repairs to the foundation, and no problems with retaining walls;

f. Statements made on the SAD that there was no illegal activity being conducted in any unit.

g. Statements made on the on the MLS that the Property was in an area zoned R4, and that the Property had two viable, rentable units on one parcel of land.

h. Statements made on the SSD that there were no deaths at the Property in three years

50. The misrepresentations stated above were material facts, essential to the analysis of the Plaintiffs and such that the Plaintiffs would not have purchased the Property if these misrepresentations were not made.

51. The Defendants had no reasonable grounds for believing that these representations were true because they knew of defective conditions at the Property. Plaintiffs are informed and believe, and based thereon allege that the Sellers knew that the homicides had occurred prior to the close of escrow; they knew that the Property was once the target of border patrol raids; they knew that the foundation of the Property was crumbling; they knew or should have known that the zoning classification of the Property had changed to R1. Plaintiffs are informed and believe that the defective foundation was deliberately covered up by the Sellers.

52. Defendants were aware of their duty to disclose all items that affect the value and desirability of the Property.

53. Plaintiff was justified in relying on the Sellers' and their agents' representations because the Sellers had a duty pursuant to Cal. Civ. Code § 1102, *et seq.*, to disclose all items that affect the value and desirability of the Property.

54. In reliance on Defendants' intentional misrepresentations, Plaintiffs purchased the Property.

55. As a result of Defendants' misrepresentations, Plaintiff is damaged in the amount of diminution of value to the Property as a result of these defects, as well as compensatory and actual damages that the Plaintiffs have suffered as a result of their reliance on the Defendants' misrepresentations.

56. Alternatively, Plaintiffs seek rescission of the RPA contract and a refund for the cost of owning the Property, plus actual losses.

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WHEREFORE, Plaintiffs pray that judgment be entered against MICHAEL MCKENZIE and DIANE MCKENZIE as follows:

1. For a determination that the obligation identified herein is not dischargeable in bankruptcy;
2. For actual damages incurred by the Plaintiffs to fix the defects, as proven at trial;
3. For compensatory damages, as proven at trial;
4. For the amount of diminution of value of the Property pursuant to undisclosed defective conditions;
5. For restitution of amounts wrongfully received by Defendants at the expense of the Plaintiffs;
6. For prejudgment interest at the legal interest rate, or in an amount to be determined at trial;
7. For attorneys' fees in an amount to be determined at trial;
8. For costs of suit incurred;
9. For punitive and exemplary damages based on fraud; and
10. For such other and further relief as this Court may deem just and proper.

LAW OFFICES OF MICHAEL SPILGER

Date: 12/23/09

by: Shanna E. Welsh

SHANNA E. WELSH, ESQ.
MICHAEL SPILGER, ESQ.
Attorneys for Plaintiffs
LUCINA PERPULY; JORGE PERPULY

EXHIBIT "1"

FILED
Clerk of the Superior Court
MAR 17 2009
By: P. WOODS, Deputy

LAW OFFICES OF MICHAEL SPILGER
Michael Spilger, Esq. (SBN 72775)
Shanna E. Welsh, Esq. (SBN 234437)
The Onyx Business Center
852 Fifth Avenue, Third Fl.
San Diego, California 92101
Telephone: (619)232-7761
Facsimile: (619)232-7313

Attorneys for Plaintiffs
JORGE AND LUCY PERPULY

SUPERIOR COURT OF CALIFORNIA

COUNTY OF SAN DIEGO, CENTRAL DIVISION

LUCY PERPULY, an individual; JORGE PERPULY, an individual;; Plaintiff, vs. MICHAEL MCKENZIE, an individual and d.b.a. United Realty, Inc.; DIANE MCKENZIE, an individual; UNIFIED REALTY, INC., a California corporation; REYNALDO TINSAY, an individual; and DOES 1 through 25, inclusive; Defendant.	Case No.: 37-2008-0097183-CU-OR-CTL **STIPULATION FOR ARBITRATION AND TO STAY ACTION PENDING ARBITRATION** Judge: Hon. Ronald L. Styn Dept: C-62 Filed:

IT IS HEREBY STIPULATED, through counsel for Plaintiffs LUCINA and JORGE PERPULY (hereafter "Plaintiffs"), and Defendants MICHAEL MCKENZIE, an individual and d.b.a. United Realty, Inc.; DIANE MCKENZIE, an individual; UNIFIED REALTY, INC., a California corporation; REYNALDO TINSAY (hereafter collectively "Defendants"), as follows:

1. All disputes, claims and controversies set forth in the pleadings on file shall be submitted to arbitration pursuant to Paragraph 17 of the Residential Real Property Purchase Agreement, signed by Plaintiffs and Defendants, in which they stipulated to resolve disputes by way of arbitration; and

2. The matter shall be stayed pending the outcome of the arbitration; and

3. The Plaintiffs and Defendants shall agree to a neutral arbitrator within thirty days of the submission of this stipulation, or else the Plaintiffs shall petition the Court via an Ex Parte hearing, to appoint a neutral arbitrator;

4. The Court shall retain jurisdiction to confirm, correct, or vacate any award set forth by an arbitrator.

IT IS SO STIPULATED.

DATED: 3/10/09

ROWE ALLEN MULLEN, LLP

Martin J. Mullen, Esq.
Attorney for Defendants
Michael McKenzie; Diane McKenzie; Reynaldo Tinsay; Unified Realty, Inc.

DATED: 3/16/09

LAW OFFICES OF MICHAEL SPILGER

Shanna E. Welsh

Michael Spilger, Esq.
Shanna E. Welsh, Esq.
Attorney for
JORGE AND LUCY PERPULY

EXHIBIT "2"

CALIFORNIA ASSOCIATION OF REALTORS®

CALIFORNIA RESIDENTIAL PURCHASE AGREEMENT AND JOINT ESCROW INSTRUCTIONS

For Use With Single Family Residential Property — Attached or Detached
(C.A.R. Form RPA-CA, Revised 1/06)

Date *March 17, 2007*, at *SAN DIEGO*, California.

1. **OFFER:**
   A. **THIS IS AN OFFER FROM** *LUCINA R PERPULY, JORGE L PERPULY* ("Buyer").
   B. **THE REAL PROPERTY TO BE ACQUIRED** is described as *335 - 337 WOODMAN STREET, SAN DIEGO CA 92114* , Assessor's Parcel No. *549-185-21-00* , situated in *SAN DIEGO* , County of *SAN DIEGO* , California, ("Property").
   C. **THE PURCHASE PRICE** offered is *Five Hundred Thousand* Dollars $ *500,000.00* .
   D. **CLOSE OF ESCROW** shall occur on *April 15, 2007* (date) (or ☐ ____ Days After Acceptance).
2. **FINANCE TERMS: Obtaining the loans below is a contingency of this Agreement unless: (i) either 2K or 2L is checked below; or (ii) otherwise agreed in writing. Buyer shall act diligently and in good faith to obtain the designated loans. Obtaining deposit, down payment and closing costs is not a contingency. Buyer represents that funds will be good when deposited with Escrow Holder.**
   A. **INITIAL DEPOSIT:** Buyer has given a deposit in the amount of . . . . . . $ *2,000.00*
   to the agent submitting the offer (or to ☐ ____), by personal check (or ☐ ____), made payable to ____ , which shall be held uncashed until Acceptance and then deposited within 3 business days after Acceptance (or ☐ ____), with Escrow Holder, (or ☐ into Broker's trust account).
   B. **INCREASED DEPOSIT:** Buyer shall deposit with Escrow Holder an increased deposit in the amount of . . . . . $ ____
   within ____ Days After Acceptance, or ☐ ____ .
   C. **FIRST LOAN IN THE AMOUNT OF** . . . . . . $ *300,000.00*
   (1) NEW First Deed of Trust in favor of lender, encumbering the Property, securing a note payable at maximum interest of ____ % fixed rate, or ____ % initial adjustable rate with a maximum interest rate of ____ %, balance due in ____ years, amortized over ____ years. Buyer shall pay loan fees/points not to exceed ____ . (These terms apply whether the designated loan is conventional, FHA or VA.)
   (2) ☐ FHA ☐ VA: (The following terms only apply to the FHA or VA loan that is checked.)
   Seller shall pay ____ % discount points. Seller shall pay other fees not allowed to be paid by Buyer, ☐ not to exceed $ ____ . Seller shall pay the cost of lender required Repairs (including those for wood destroying pest) not otherwise provided for in this Agreement, ☐ not to exceed $ ____ . (Actual loan amount may increase if mortgage insurance premiums, funding fees or closing costs are financed.)
   D. **ADDITIONAL FINANCING TERMS:** ☐ Seller financing, (C.A.R. Form SFA); ☐ secondary financing, ... $ ____
   (C.A.R. Form PAA, paragraph 4A); ☐ assumed financing (C.A.R. Form PAA, paragraph 4B)
   E. **BALANCE OF PURCHASE PRICE** (not including costs of obtaining loans and other closing costs) in the amount of . . $ *198,000.00*
   to be deposited with Escrow Holder within sufficient time to close escrow.
   F. **PURCHASE PRICE (TOTAL):** . . . . . . $ *500,000.00*
   G. **LOAN APPLICATIONS:** Within 7 (or ☐ ____) Days After Acceptance, Buyer shall provide Seller a letter from lender or mortgage loan broker stating that, based on a review of Buyer's written application and credit report, Buyer is prequalified or preapproved for the NEW loan specified in 2C above.
   H. **VERIFICATION OF DOWN PAYMENT AND CLOSING COSTS:** Buyer (or Buyer's lender or loan broker pursuant to 2G) shall, within 7 (or ☐ *10*) Days After Acceptance, provide Seller written verification of Buyer's down payment and closing costs.
   I. **LOAN CONTINGENCY REMOVAL:** (i) Within 17 (or ☐ ____) Days After Acceptance, Buyer shall, as specified in paragraph 14, remove the loan contingency or cancel this Agreement; OR (ii) (if checked) ☐ the loan contingency shall remain in effect until the designated loans are funded.
   J. **APPRAISAL CONTINGENCY AND REMOVAL:** This Agreement is (OR, if checked, ☐ is NOT) contingent upon the Property appraising at no less than the specified purchase price. If there is a loan contingency, at the time the loan contingency is removed (or, if checked, ☒ within 17 (or ____) Days After Acceptance), Buyer shall, as specified in paragraph 14B(3), remove the appraisal contingency or cancel this Agreement. If there is no loan contingency, Buyer shall, as specified in paragraph 14B(3), remove the appraisal contingency within 17 (or ____) Days After Acceptance.
   K. ☐ **NO LOAN CONTINGENCY** (If checked): Obtaining any loan in paragraphs 2C, 2D or elsewhere in this Agreement is NOT a contingency of this Agreement. If Buyer does not obtain the loan and as a result Buyer does not purchase the Property, Seller may be entitled to Buyer's deposit or other legal remedies.
   L. ☐ **ALL CASH OFFER** (If checked): No loan is needed to purchase the Property. Buyer shall, within 7 (or ☐ ____) Days After Acceptance, provide Seller written verification of sufficient funds to close this transaction.
3. **CLOSING AND OCCUPANCY:**
   A. Buyer intends (or ☒ does not intend) to occupy the Property as Buyer's primary residence.
   B. **Seller-occupied or vacant property:** Occupancy shall be delivered to Buyer at ____ ☐ AM ☐ PM, ☐ on the date of Close Of Escrow; ☐ on ____ ; or ☐ no later than ____ Days After Close Of Escrow. (C.A.R. Form PAA, paragraph 2.) If transfer of title and occupancy do not occur at the same time, Buyer and Seller are advised to: (i) enter into a written occupancy agreement; and (ii) consult with their insurance and legal advisors.

Buyer's Initials (*[initials]*) (*JPL*)
Seller's Initials (*[initials]*) (*[initials]*)

Reviewed by ____ Date ____

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Broker: Cal Coast Mortg Corp. 1450 Frazee Rd Ste 714 San Diego, CA 92108

Property Address: 335 - 337 ' ?MAN STREET SAN DIEGO, 92114 Date: March 17, 2007

C. **Tenant-occupied property: (i) Property shall be vacant at least 5 (or ☐ ______) Days Prior to Close Of Escrow, unless otherwise agreed in writing. Note to Seller: If you are unable to deliver Property vacant in accordance with rent control and other applicable Law, you may be in breach of this Agreement.**

OR (ii) (if checked) ☐ **Tenant to remain in possession.** The attached addendum is incorporated into this Agreement (C.A.R. Form PAA, paragraph 3.);

OR (iii) (if checked) ☐ **This Agreement is contingent** upon Buyer and Seller entering into a written agreement regarding occupancy of the Property within the time specified in paragraph 14B(1). If no written agreement is reached within this time, either Buyer or Seller may cancel this Agreement in writing.

D. At Close Of Escrow, Seller assigns to Buyer any assignable warranty rights for items included in the sale and shall provide any available Copies of such warranties. Brokers cannot and will not determine the assignability of any warranties.

E. At Close Of Escrow, unless otherwise agreed in writing, Seller shall provide keys and/or means to operate all locks, mailboxes, security systems, alarms and garage door openers. If Property is a condominium or located in a common interest subdivision, Buyer may be required to pay a deposit to the Homeowners' Association ("HOA") to obtain keys to accessible HOA facilities.

4. **ALLOCATION OF COSTS** (If checked): Unless otherwise specified here, this paragraph only determines who is to pay for the report, inspection, test or service mentioned. If not specified here or elsewhere in this Agreement, the determination of who is to pay for any work recommended or identified by any such report, inspection, test or service shall be by the method specified in paragraph 14B(2).

A. **WOOD DESTROYING PEST INSPECTION:**

(1) ☐ Buyer ☒ Seller shall pay for an inspection and report for wood destroying pests and organisms ("Report") which shall be prepared by ______________________, a registered structural pest control company. The Report shall cover the accessible areas of the main building and attached structures and, if checked: ☒ detached garages and carports, ☐ detached decks, ☐ the following other structures or areas ______________________. The Report shall not include roof coverings. If Property is a condominium or located in a common interest subdivision, the Report shall include only the separate interest and any exclusive-use areas being transferred and shall not include common areas, unless otherwise agreed. Water tests of shower pans on upper level units may not be performed without consent of the owners of property below the shower.

OR (2) ☐ (If checked) The attached addendum (C.A.R. Form WPA) regarding wood destroying pest inspection and allocation of cost is incorporated into this Agreement.

B. **OTHER INSPECTIONS AND REPORTS:**

(1) ☐ Buyer ☐ Seller shall pay to have septic or private sewage disposal systems inspected ______________.
(2) ☐ Buyer ☐ Seller shall pay to have domestic wells tested for water potability and productivity ______________.
(3) ☐ Buyer ☐ Seller shall pay for a natural hazard zone disclosure report prepared by ______________.
(4) ☐ Buyer ☐ Seller shall pay for the following inspection or report ______________.
(5) ☐ Buyer ☐ Seller shall pay for the following inspection or report ______________.

C. **GOVERNMENT REQUIREMENTS AND RETROFIT:**

(1) ☐ Buyer ☐ Seller shall pay for smoke detector installation and/or water heater bracing, if required by Law. Prior to Close Of Escrow, Seller shall provide Buyer a written statement of compliance in accordance with state and local Law, unless exempt.
(2) ☐ Buyer ☒ Seller shall pay the cost of compliance with any other minimum mandatory government retrofit standards, inspections and reports if required as a condition of closing escrow under any Law. ______________.

D. **ESCROW AND TITLE:**

(1) ☒ Buyer ☒ Seller shall pay escrow fee ______________.
Escrow Holder shall be ______________.
(2) ☒ Buyer ☐ Seller shall pay for owner's title insurance policy specified in paragraph 12E ______________.
Owner's title policy to be issued by ______________.
(Buyer shall pay for any title insurance policy insuring Buyer's lender, unless otherwise agreed in writing.)

E. **OTHER COSTS:**

(1) ☒ Buyer ☒ Seller shall pay County transfer tax or transfer fee ______________.
(2) ☒ Buyer ☒ Seller shall pay City transfer tax or transfer fee ______________.
(3) ☐ Buyer ☐ Seller shall pay HOA transfer fee ______________.
(4) ☐ Buyer ☐ Seller shall pay HOA document preparation fees ______________.
(5) ☐ Buyer ☐ Seller shall pay the cost, not to exceed $ ______________, of a one-year home warranty plan, issued by ______________, with the following optional coverage: ______________.
(6) ☐ Buyer ☐ Seller shall pay for ______________.
(7) ☐ Buyer ☐ Seller shall pay for ______________.

5. **STATUTORY DISCLOSURES (INCLUDING LEAD-BASED PAINT HAZARD DISCLOSURES) AND CANCELLATION RIGHTS:**

A. (1) Seller shall, within the time specified in paragraph 14A, deliver to Buyer, if required by Law: (i) Federal Lead-Based Paint Disclosures and pamphlet ("Lead Disclosures"); and (ii) disclosures or notices required by sections 1102 et. seq. and 1103 et. seq. of the California Civil Code ("Statutory Disclosures"). Statutory Disclosures include, but are not limited to, a Real Estate Transfer Disclosure Statement ("TDS"), Natural Hazard Disclosure Statement ("NHD"), notice or actual knowledge of release of illegal controlled substance, notice of special tax and/or assessments (or, if allowed, substantially equivalent notice regarding the Mello-Roos Community Facilities Act and Improvement Bond Act of 1915) and, if Seller has actual knowledge, an industrial use and military ordnance location disclosure (C.A.R. Form SSD).

(2) Buyer shall, within the time specified in paragraph 14B(1), return Signed Copies of the Statutory and Lead Disclosures to Seller.

(3) In the event Seller, prior to Close Of Escrow, becomes aware of adverse conditions materially affecting the Property, or any material inaccuracy in disclosures, information or representations previously provided to Buyer of which Buyer is otherwise unaware, Seller shall promptly provide a subsequent or amended disclosure or notice, in writing, covering those items. **However, a subsequent or amended disclosure shall not be required for conditions and material inaccuracies disclosed in reports ordered and paid for by Buyer.**

Buyer's Initials ( ) ( )
Seller's Initials ( ) ( )

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Property Address: SAN DIEGO, CA 92114 Date: March 17, 2007

(4) If any disclosure or notice specified in 5A(1), or subsequent or amended disclosure or notice is delivered to Buyer after the offer is Signed, Buyer shall have the right to cancel this Agreement within 3 Days After delivery in person, or 5 Days After delivery by deposit in the mail, by giving written notice of cancellation to Seller or Seller's agent. (Lead Disclosures sent by mail must be sent certified mail or better.)

(5) **Note to Buyer and Seller: Waiver of Statutory and Lead Disclosures is prohibited by Law.**

B. **NATURAL AND ENVIRONMENTAL HAZARDS:** Within the time specified in paragraph 14A, Seller shall, if required by Law: (i) deliver to Buyer earthquake guides (and questionnaire) and environmental hazards booklet; (ii) even if exempt from the obligation to provide a NHD, disclose if the Property is located in a Special Flood Hazard Area; Potential Flooding (Inundation) Area; Very High Fire Hazard Zone; State Fire Responsibility Area; Earthquake Fault Zone; Seismic Hazard Zone; and (iii) disclose any other zone as required by Law and provide any other information required for those zones.

C. **DATA BASE DISCLOSURE:** Notice: Pursuant to Section 290.46 of the Penal Code, information about specified registered sex offenders is made available to the public via an Internet Web site maintained by the Department of Justice at www.meganslaw.ca.gov. Depending on an offender's criminal history, this information will include either the address at which the offender resides or the community of residence and ZIP Code in which he or she resides. (Neither Seller nor Brokers are required to check this website. If Buyer wants further information, Broker recommends that Buyer obtain information from this website during Buyer's inspection contingency period. Brokers do not have expertise in this area.)

6. **CONDOMINIUM/PLANNED UNIT DEVELOPMENT DISCLOSURES:**

A. **SELLER HAS: 7 (or ☐ ____________) Days** After Acceptance to disclose to Buyer whether the Property is a condominium, or is located in a planned unit development or other common interest subdivision (C.A.R. Form SSD).

B. If the Property is a condominium or is located in a planned unit development or other common interest subdivision, Seller has 3 (or ☐ ________) **Days** After Acceptance to request from the HOA (C.A.R. Form HOA): (i) Copies of any documents required by Law; (ii) disclosure of any pending or anticipated claim or litigation by or against the HOA; (iii) a statement containing the location and number of designated parking and storage spaces; (iv) Copies of the most recent 12 months of HOA minutes for regular and special meetings; and (v) the names and contact information of all HOAs governing the Property (collectively, "CI Disclosures"). Seller shall itemize and deliver to Buyer all CI Disclosures received from the HOA and any CI Disclosures in Seller's possession. Buyer's approval of CI Disclosures is a contingency of this Agreement as specified in paragraph 14B(3).

7. **CONDITIONS AFFECTING PROPERTY:**

A. Unless otherwise agreed: (i) **the Property is sold (a) in its PRESENT physical condition as of the date of Acceptance and (b) subject to Buyer's Investigation rights**; (ii) the Property, including pool, spa, landscaping and grounds, is to be maintained in substantially the same condition as on the date of Acceptance; and (iii) all debris and personal property not included in the sale shall be removed by Close Of Escrow.

B. **SELLER SHALL, within the time specified in paragraph 14A, DISCLOSE KNOWN MATERIAL FACTS AND DEFECTS affecting the Property, including known insurance claims within the past five years, AND MAKE OTHER DISCLOSURES REQUIRED BY LAW (C.A.R. Form SSD).**

C. **NOTE TO BUYER: You are strongly advised to conduct investigations of the entire Property in order to determine its present condition since Seller may not be aware of all defects affecting the Property or other factors that you consider important. Property improvements may not be built according to code, in compliance with current Law, or have had permits issued.**

D. **NOTE TO SELLER: Buyer has the right to inspect the Property and, as specified in paragraph 14B, based upon information discovered in those inspections: (i) cancel this Agreement; or (ii) request that you make Repairs or take other action.**

8. **ITEMS INCLUDED AND EXCLUDED:**

A. **NOTE TO BUYER AND SELLER:** Items listed as included or excluded in the MLS, flyers or marketing materials are not included in the purchase price or excluded from the sale unless specified in 8B or C.

B. **ITEMS INCLUDED IN SALE:**

(1) All EXISTING fixtures and fittings that are attached to the Property;

(2) Existing electrical, mechanical, lighting, plumbing and heating fixtures, ceiling fans, fireplace inserts, gas logs and grates, solar systems, built-in appliances, window and door screens, awnings, shutters, window coverings, attached floor coverings, television antennas, satellite dishes, private integrated telephone systems, air coolers/conditioners, pool/spa equipment, garage door openers/remote controls, mailbox, in-ground landscaping, trees/shrubs, water softeners, water purifiers, security systems/alarms; and

(3) The following items: ____

(4) Seller represents that all items included in the purchase price, unless otherwise specified, are owned by Seller.

(5) All items included shall be transferred free of liens and without Seller warranty.

C. **ITEMS EXCLUDED FROM SALE:** ____

9. **BUYER'S INVESTIGATION OF PROPERTY AND MATTERS AFFECTING PROPERTY:**

A. Buyer's acceptance of the condition of, and any other matter affecting the Property, is a contingency of this Agreement as specified in this paragraph and paragraph 14B. Within the time specified in paragraph 14B(1), Buyer shall have the right, at Buyer's expense unless otherwise agreed, to conduct inspections, investigations, tests, surveys and other studies ("Buyer Investigations"), including, but not limited to, the right to: (i) inspect for lead-based paint and other lead-based paint hazards; (ii) inspect for wood destroying pests and organisms; (iii) review the registered sex offender database; (iv) confirm the insurability of Buyer and the Property; and (v) satisfy Buyer as to any matter specified in the attached Buyer's Inspection Advisory (C.A.R. Form BIA). Without Seller's prior written consent, Buyer shall neither make nor cause to be made: (i) invasive or destructive Buyer Investigations; or (ii) inspections by any governmental building or zoning inspector or government employee, unless required by Law.

B. Buyer shall complete Buyer Investigations and, as specified in paragraph 14B, remove the contingency or cancel this Agreement. Buyer shall give Seller, at no cost, complete Copies of all Buyer Investigation reports obtained by Buyer. Seller shall make the Property available for all Buyer Investigations. Seller shall have water, gas, electricity and all operable pilot lights on for Buyer's Investigations and through the date possession is made available to Buyer.

Buyer's Initials ([signature]) ([signature])
Seller's Initials ([signature]) ([signature])

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10. **REPAIRS:** Repairs shall be completed prior to final verification of condition unless otherwise agreed in writing. Repairs to be performed at Seller's expense may be performed by Seller or through others, provided that the work complies with applicable Law, including governmental permit, inspection and approval requirements. Repairs shall be performed in a good, skillful manner with materials of quality and appearance comparable to existing materials. It is understood that exact restoration of appearance or cosmetic items following all Repairs may not be possible. Seller shall: (i) obtain receipts for Repairs performed by others; (ii) prepare a written statement indicating the Repairs performed by Seller and the date of such Repairs; and (iii) provide Copies of receipts and statements to Buyer prior to final verification of condition.

11. **BUYER INDEMNITY AND SELLER PROTECTION FOR ENTRY UPON PROPERTY:** Buyer shall: (i) keep the Property free and clear of liens; (ii) Repair all damage arising from Buyer Investigations; and (iii) indemnify and hold Seller harmless from all resulting liability, claims, demands, damages and costs. Buyer shall carry, or Buyer shall require anyone acting on Buyer's behalf to carry, policies of liability, workers' compensation and other applicable insurance, defending and protecting Seller from liability for any injuries to persons or property occurring during any Buyer Investigations or work done on the Property at Buyer's direction prior to Close Of Escrow. Seller is advised that certain protections may be afforded Seller by recording a "Notice of Non-responsibility" (C.A.R. Form NNR) for Buyer Investigations and work done on the Property at Buyer's direction. Buyer's obligations under this paragraph shall survive the termination of this Agreement.

12. **TITLE AND VESTING:**

A. Within the time specified in paragraph 14, Buyer shall be provided a current preliminary (title) report, which is only an offer by the title insurer to issue a policy of title insurance and may not contain every item affecting title. Buyer's review of the preliminary report and any other matters which may affect title are a contingency of this Agreement as specified in paragraph 14B.

B. Title is taken in its present condition subject to all encumbrances, easements, covenants, conditions, restrictions, rights and other matters, whether of record or not, as of the date of Acceptance except: (i) monetary liens of record unless Buyer is assuming those obligations or taking the Property subject to those obligations; and (ii) those matters which Seller has agreed to remove in writing.

C. Within the time specified in paragraph 14A, Seller has a duty to disclose to Buyer all matters known to Seller affecting title, whether of record or not.

D. At Close Of Escrow, Buyer shall receive a grant deed conveying title (or, for stock cooperative or long-term lease, an assignment of stock certificate or of Seller's leasehold interest), including oil, mineral and water rights if currently owned by Seller. Title shall vest as designated in Buyer's supplemental escrow instructions. THE MANNER OF TAKING TITLE MAY HAVE SIGNIFICANT LEGAL AND TAX CONSEQUENCES. CONSULT AN APPROPRIATE PROFESSIONAL.

E. Buyer shall receive a CLTA/ALTA Homeowner's Policy of Title Insurance. A title company, at Buyer's request, can provide information about the availability, desirability, coverage, and cost of various title insurance coverages and endorsements. If Buyer desires title coverage other than that required by this paragraph, Buyer shall instruct Escrow Holder in writing and pay any increase in cost.

13. **SALE OF BUYER'S PROPERTY:**

A. This Agreement is NOT contingent upon the sale of any property owned by Buyer.

OR B. ☐ (If checked): The attached addendum (C.A.R. Form COP) regarding the contingency for the sale of property owned by Buyer is incorporated into this Agreement.

14. **TIME PERIODS; REMOVAL OF CONTINGENCIES; CANCELLATION RIGHTS: The following time periods may only be extended, altered, modified or changed by mutual written agreement. Any removal of contingencies or cancellation under this paragraph must be in writing (C.A.R. Form CR).**

A. **SELLER HAS: 7** (or ☐ ____________) **Days** After Acceptance to deliver to Buyer all reports, disclosures and information for which Seller is responsible under paragraphs 4, 5A and B, 6A, 7B and 12.

B. (1) **BUYER HAS: 17** (or ☐ ____________) **Days** After Acceptance, unless otherwise agreed in writing, to:
(i) complete all Buyer Investigations; approve all disclosures, reports and other applicable information, which Buyer receives from Seller; and approve all matters affecting the Property (including lead-based paint and lead-based paint hazards as well as other information specified in paragraph 5 and insurability of Buyer and the Property); and
(ii) return to Seller Signed Copies of Statutory and Lead Disclosures delivered by Seller in accordance with paragraph 5A.

(2) Within the time specified in 14B(1), Buyer may request that Seller make repairs or take any other action regarding the Property (C.A.R. Form RR). Seller has no obligation to agree to or respond to Buyer's requests.

(3) By the end of the time specified in 14B(1) (or 2I for loan contingency or 2J for appraisal contingency), Buyer shall, in writing, remove the applicable contingency (C.A.R. Form CR) or cancel this Agreement. However, if (i) government-mandated inspections/ reports required as a condition of closing; or (ii) Common Interest Disclosures pursuant to paragraph 6B are not made within the time specified in 14A, then Buyer has 5 (or ☐ ____________) **Days** After receipt of any such items, or the time specified in 14B(1), whichever is later, to remove the applicable contingency or cancel this Agreement in writing.

C. **CONTINUATION OF CONTINGENCY OR CONTRACTUAL OBLIGATION; SELLER RIGHT TO CANCEL:**

(1) **Seller right to Cancel; Buyer Contingencies:** Seller, after first giving Buyer a Notice to Buyer to Perform (as specified below), may cancel this Agreement in writing and authorize return of Buyer's deposit if, by the time specified in this Agreement, Buyer does not remove in writing the applicable contingency or cancel this Agreement. Once all contingencies have been removed, failure of either Buyer or Seller to close escrow on time may be a breach of this Agreement.

(2) **Continuation of Contingency:** Even after the expiration of the time specified in 14B, Buyer retains the right to make requests to Seller, remove in writing the applicable contingency or cancel this Agreement until Seller cancels pursuant to 14C(1). Once Seller receives Buyer's written removal of all contingencies, Seller may not cancel this Agreement pursuant to 14C(1).

(3) **Seller right to Cancel; Buyer Contract Obligations:** Seller, after first giving Buyer a Notice to Buyer to Perform (as specified below), may cancel this Agreement in writing and authorize return of Buyer's deposit for any of the following reasons: (i) if Buyer fails to deposit funds as required by 2A or 2B; (ii) if the funds deposited pursuant to 2A or 2B are not good when deposited; (iii) if Buyer fails to provide a letter as required by 2G; (iv) if Buyer fails to provide verification as required by 2H or 2L; (v) if Seller reasonably disapproves of the verification provided by 2H or 2L; (vi) if Buyer fails to return Statutory and Lead Disclosures as required by paragraph 5A(2); or (vii) if Buyer fails to sign or initial a separate liquidated damage form for an increased deposit as required by paragraph 16. **Seller is not required to give Buyer a Notice to Perform regarding Close of Escrow.**

(4) **Notice To Buyer To Perform:** The Notice to Buyer to Perform (C.A.R. Form NBP) shall: (i) be in writing; (ii) be signed by Seller; and (iii) give Buyer at least 24 (or ☐ ________) hours (or until the time specified in the applicable paragraph, whichever occurs last) to take the applicable action. A Notice to Buyer to Perform may not be given any earlier than **2 Days** Prior to the expiration of the applicable time for Buyer to remove a contingency or cancel this Agreement or meet a 14C(3) obligation.

Buyer's Initials ([initials]) ([initials])
Seller's Initials ([initials]) ([initials])

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D. **EFFECT OF BUYER'S REMOVAL OF CONTINGENCIES:** If Buyer removes, in writing, any contingency or cancellation rights, unless otherwise specified in a separate written agreement between Buyer and Seller, Buyer shall conclusively be deemed to have: (i) completed all Buyer Investigations, and review of reports and other applicable information and disclosures pertaining to that contingency or cancellation right; (ii) elected to proceed with the transaction; and (iii) assumed all liability, responsibility and expense for Repairs or corrections pertaining to that contingency or cancellation right, or for inability to obtain financing.

E. **EFFECT OF CANCELLATION ON DEPOSITS:** If Buyer or Seller gives written notice of cancellation pursuant to rights duly exercised under the terms of this Agreement, Buyer and Seller agree to Sign mutual instructions to cancel the sale and escrow and release deposits to the party entitled to the funds, less fees and costs incurred by that party. Fees and costs may be payable to service providers and vendors for services and products provided during escrow. **Release of funds will require mutual Signed release instructions from Buyer and Seller, judicial decision or arbitration award. A party may be subject to a civil penalty of up to $1,000 for refusal to sign such instructions if no good faith dispute exists as to who is entitled to the deposited funds (Civil Code §1057.3).**

15. **FINAL VERIFICATION OF CONDITION:** Buyer shall have the right to make a final inspection of the Property within 5 (or ____________) Days Prior to Close Of Escrow, NOT AS A CONTINGENCY OF THE SALE, but solely to confirm: (i) the Property is maintained pursuant to paragraph 7A; (ii) Repairs have been completed as agreed; and (iii) Seller has complied with Seller's other obligations under this Agreement.

16. **LIQUIDATED DAMAGES: If Buyer fails to complete this purchase because of Buyer's default, Seller shall retain, as liquidated damages, the deposit actually paid. If the Property is a dwelling with no more than four units, one of which Buyer intends to occupy, then the amount retained shall be no more than 3% of the purchase price. Any excess shall be returned to Buyer. Release of funds will require mutual, Signed release instructions from both Buyer and Seller, judicial decision or arbitration award.**

BUYER AND SELLER SHALL SIGN A SEPARATE LIQUIDATED DAMAGES PROVISION FOR ANY INCREASED DEPOSIT. (C.A.R. FORM RID)

Buyer's Initials [initials] / [initials] Seller's Initials [initials] / [initials]

17. **DISPUTE RESOLUTION:**

A. **MEDIATION:** Buyer and Seller agree to mediate any dispute or claim arising between them out of this Agreement, or any resulting transaction, before resorting to arbitration or court action. Paragraphs 17B(2) and (3) below apply to mediation whether or not the Arbitration provision is initialed. Mediation fees, if any, shall be divided equally among the parties involved. If, for any dispute or claim to which this paragraph applies, any party commences an action without first attempting to resolve the matter through mediation, or refuses to mediate after a request has been made, then that party shall not be entitled to recover attorney fees, even if they would otherwise be available to that party in any such action. THIS MEDIATION PROVISION APPLIES WHETHER OR NOT THE ARBITRATION PROVISION IS INITIALED.

B. **ARBITRATION OF DISPUTES: (1) Buyer and Seller agree that any dispute or claim in Law or equity arising between them out of this Agreement or any resulting transaction, which is not settled through mediation, shall be decided by neutral, binding arbitration, including and subject to paragraphs 17B(2) and (3) below. The arbitrator shall be a retired judge or justice, or an attorney with at least 5 years of residential real estate Law experience, unless the parties mutually agree to a different arbitrator, who shall render an award in accordance with substantive California Law. The parties shall have the right to discovery in accordance with California Code of Civil Procedure §1283.05. In all other respects, the arbitration shall be conducted in accordance with Title 9 of Part III of the California Code of Civil Procedure. Judgment upon the award of the arbitrator(s) may be entered into any court having jurisdiction. Interpretation of this agreement to arbitrate shall be governed by the Federal Arbitration Act.**

(2) EXCLUSIONS FROM MEDIATION AND ARBITRATION: The following matters are excluded from mediation and arbitration: (i) a judicial or non-judicial foreclosure or other action or proceeding to enforce a deed of trust, mortgage or installment land sale contract as defined in California Civil Code §2985; (ii) an unlawful detainer action; (iii) the filing or enforcement of a mechanic's lien; and (iv) any matter that is within the jurisdiction of a probate, small claims or bankruptcy court. The filing of a court action to enable the recording of a notice of pending action, for order of attachment, receivership, injunction, or other provisional remedies, shall not constitute a waiver of the mediation and arbitration provisions.

(3) BROKERS: Buyer and Seller agree to mediate and arbitrate disputes or claims involving either or both Brokers, consistent with 17A and B, provided either or both Brokers shall have agreed to such mediation or arbitration prior to, or within a reasonable time after, the dispute or claim is presented to Brokers. Any election by either or both Brokers to participate in mediation or arbitration shall not result in Brokers being deemed parties to the Agreement.

"NOTICE: BY INITIALING IN THE SPACE BELOW YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION DECIDED BY NEUTRAL ARBITRATION AS PROVIDED BY CALIFORNIA LAW AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL. BY INITIALING IN THE SPACE BELOW YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS THOSE RIGHTS ARE SPECIFICALLY INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION. IF YOU REFUSE TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, YOU MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY OF THE CALIFORNIA CODE OF CIVIL PROCEDURE. YOUR AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY."

"WE HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION TO NEUTRAL ARBITRATION."

Buyer's Initials [initials] / [initials] Seller's Initials [initials] / [initials]

Buyer's Initials ([initials]) ([initials])
Seller's Initials ([initials]) ([initials])

Reviewed by ____________ Date ____________

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PERFULY

Property Address: 335 - 33)MAN STREET SAN DIEGO, CA 92114 Date: March 17, 2007

18. **PRORATIONS OF PROPERTY TAXES AND OTHER ITEMS:** Unless otherwise agreed in writing, the following items shall be PAID CURRENT and prorated between Buyer and Seller as of Close Of Escrow: real property taxes and assessments, interest, rents, HOA regular, special, and emergency dues and assessments imposed prior to Close Of Escrow, premiums on insurance assumed by Buyer, payments on bonds and assessments assumed by Buyer, and payments on Mello-Roos and other Special Assessment District bonds and assessments that are now a lien. The following items shall be assumed by Buyer WITHOUT CREDIT toward the purchase price: prorated payments on Mello-Roos and other Special Assessment District bonds and assessments and HOA special assessments that are now a lien but not yet due. Property will be reassessed upon change of ownership. Any supplemental tax bills shall be paid as follows: (i) for periods after Close Of Escrow, by Buyer; and (ii) for periods prior to Close Of Escrow, by Seller. TAX BILLS ISSUED AFTER CLOSE OF ESCROW SHALL BE HANDLED DIRECTLY BETWEEN BUYER AND SELLER. Prorations shall be made based on a 30-day month.
19. **WITHHOLDING TAXES:** Seller and Buyer agree to execute any instrument, affidavit, statement or instruction reasonably necessary to comply with federal (FIRPTA) and California withholding Law, if required (C.A.R. Forms AS and AB).
20. **MULTIPLE LISTING SERVICE ("MLS"):** Brokers are authorized to report to the MLS a pending sale and, upon Close Of Escrow, the terms of this transaction to be published and disseminated to persons and entities authorized to use the information on terms approved by the MLS.
21. **EQUAL HOUSING OPPORTUNITY:** The Property is sold in compliance with federal, state and local anti-discrimination Laws.
22. **ATTORNEY FEES:** In any action, proceeding, or arbitration between Buyer and Seller arising out of this Agreement, the prevailing Buyer or Seller shall be entitled to reasonable attorney fees and costs from the non-prevailing Buyer or Seller, except as provided in paragraph 17A.
23. **SELECTION OF SERVICE PROVIDERS:** If Brokers refer Buyer or Seller to persons, vendors, or service or product providers ("Providers"), Brokers do not guarantee the performance of any Providers. Buyer and Seller may select ANY Providers of their own choosing.
24. **TIME OF ESSENCE; ENTIRE CONTRACT; CHANGES:** Time is of the essence. All understandings between the parties are incorporated in this Agreement. Its terms are intended by the parties as a final, complete and exclusive expression of their Agreement with respect to its subject matter, and may not be contradicted by evidence of any prior agreement or contemporaneous oral agreement. If any provision of this Agreement is held to be ineffective or invalid, the remaining provisions will nevertheless be given full force and effect. **Neither this Agreement nor any provision in it may be extended, amended, modified, altered or changed, except in writing Signed by Buyer and Seller.**
25. **OTHER TERMS AND CONDITIONS**, including attached supplements:
    A. ☑ Buyer's Inspection Advisory (C.A.R. Form BIA)
    B. ☐ Purchase Agreement Addendum (C.A.R. Form PAA paragraph numbers:)
    C. ☐ Statewide Buyer and Seller Advisory (C.A.R. Form SBSA)
    D. ____________________
26. **DEFINITIONS:** As used in this Agreement:
    A. **"Acceptance"** means the time the offer or final counter offer is accepted in writing by a party and is delivered to and personally received by the other party or that party's authorized agent in accordance with the terms of this offer or a final counter offer.
    B. **"Agreement"** means the terms and conditions of this accepted California Residential Purchase Agreement and any accepted counter offers and addenda.
    C. **"C.A.R. Form"** means the specific form referenced or another comparable form agreed to by the parties.
    D. **"Close Of Escrow"** means the date the grant deed, or other evidence of transfer of title, is recorded. If the scheduled close of escrow falls on a Saturday, Sunday or legal holiday, then close of escrow shall be the next business day after the scheduled close of escrow date.
    E. **"Copy"** means copy by any means including photocopy, NCR, facsimile and electronic.
    F. **"Days"** means calendar days, unless otherwise required by Law.
    G. **"Days After"** means the specified number of calendar days after the occurrence of the event specified, not counting the calendar date on which the specified event occurs, and ending at 11:59PM on the final day.
    H. **"Days Prior"** means the specified number of calendar days before the occurrence of the event specified, not counting the calendar date on which the specified event is scheduled to occur.
    I. **"Electronic Copy" or "Electronic Signature"** means, as applicable, an electronic copy or signature complying with California Law. Buyer and Seller agree that electronic means will not be used by either party to modify or alter the content or integrity of this Agreement without the knowledge and consent of the other.
    J. **"Law"** means any law, code, statute, ordinance, regulation, rule or order, which is adopted by a controlling city, county, state or federal legislative, judicial or executive body or agency.
    K. **"Notice to Buyer to Perform"** means a document (C.A.R. Form NBP), which shall be in writing and Signed by Seller and shall give Buyer at least 24 hours **(or as otherwise specified in paragraph 14C(4))** to remove a contingency or perform as applicable.
    L. **"Repairs"** means any repairs (including pest control), alterations, replacements, modifications or retrofitting of the Property provided for under this Agreement.
    M. **"Signed"** means either a handwritten or electronic signature on an original document, Copy or any counterpart.
    N. **Singular and Plural** terms each include the other, when appropriate.

Buyer's Initials ( ) ( )
Seller's Initials ( ) ( )

Reviewed by ________ Date ________

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EQUAL HOUSING OPPORTUNITY

PERPULY

LJP0006

Property Address: 335 - 337 DMAN STREET SAN DIEGO, CA 92114 Date: March 17, 2007

27. AGENCY:

A. **DISCLOSURE:** Buyer and Seller each acknowledge prior receipt of C.A.R. Form AD "Disclosure Regarding Real Estate Agency Relationships."

B. **POTENTIALLY COMPETING BUYERS AND SELLERS:** Buyer and Seller each acknowledge receipt of a disclosure of the possibility of multiple representation by the Broker representing that principal. This disclosure may be part of a listing agreement, buyer-broker agreement or separate document (C.A.R. Form DA). Buyer understands that Broker representing Buyer may also represent other potential buyers, who may consider, make offers on or ultimately acquire the Property. Seller understands that Broker representing Seller may also represent other sellers with competing properties of interest to this Buyer.

C. **CONFIRMATION:** The following agency relationships are hereby confirmed for this transaction:
Listing Agent ______________________________ (Print Firm Name) is the agent of (check one): ☐ the Seller exclusively; or ☐ both the Buyer and Seller.
Selling Agent INDEPENDENT REALTY GROUP, INC. (Print Firm Name) (if not same as Listing Agent) is the agent of (check one): ☐ the Buyer exclusively; or ☐ the Seller exclusively; or ☐ both the Buyer and Seller. Real Estate Brokers are not parties to the Agreement between Buyer and Seller.

28. JOINT ESCROW INSTRUCTIONS TO ESCROW HOLDER:

A. **The following paragraphs, or applicable portions thereof, of this Agreement constitute the joint escrow instructions of Buyer and Seller to Escrow Holder,** which Escrow Holder is to use along with any related counter offers and addenda, and any additional mutual instructions to close the escrow: 1, 2, 4, 12, 13B, 14E, 18, 19, 24, 25B and 25D, 26, 28, 29, 32A, 33 and paragraph D of the section titled Real Estate Brokers on page 8. If a Copy of the separate compensation agreement(s) provided for in paragraph 29 or 32A, or paragraph D of the section titled Real Estate Brokers on page 8 is deposited with Escrow Holder by Broker, Escrow Holder shall accept such agreement(s) and pay out from Buyer's or Seller's funds, or both, as applicable, the Broker's compensation provided for in such agreement(s). The terms and conditions of this Agreement not set forth in the specified paragraphs are additional matters for the information of Escrow Holder, but about which Escrow Holder need not be concerned. Buyer and Seller will receive Escrow Holder's general provisions directly from Escrow Holder and will execute such provisions upon Escrow Holder's request. To the extent the general provisions are inconsistent or conflict with this Agreement, the general provisions will control as to the duties and obligations of Escrow Holder only. Buyer and Seller will execute additional instructions, documents and forms provided by Escrow Holder that are reasonably necessary to close the escrow.

B. A Copy of this Agreement shall be delivered to Escrow Holder within 3 business days after Acceptance (or ☐ ______________________________). Buyer and Seller authorize Escrow Holder to accept and rely on Copies and Signatures as defined in this Agreement as originals, to open escrow and for other purposes of escrow. The validity of this Agreement as between Buyer and Seller is not affected by whether or when Escrow Holder Signs this Agreement.

C. Brokers are a party to the escrow for the sole purpose of compensation pursuant to paragraphs 29, 32A and paragraph D of the section titled Real Estate Brokers on page 8. Buyer and Seller irrevocably assign to Brokers compensation specified in paragraphs 29 and 32A, respectively, and irrevocably instruct Escrow Holder to disburse those funds to Brokers at Close Of Escrow or pursuant to any other mutually executed cancellation agreement. Compensation instructions can be amended or revoked only with the written consent of Brokers. Escrow Holder shall immediately notify Brokers: (i) if Buyer's initial or any additional deposit is not made pursuant to this Agreement, or is not good at time of deposit with Escrow Holder; or (ii) if Buyer and Seller instruct Escrow Holder to cancel escrow.

D. A Copy of any amendment that affects any paragraph of this Agreement for which Escrow Holder is responsible shall be delivered to Escrow Holder within 2 business days after mutual execution of the amendment.

29. BROKER COMPENSATION FROM BUYER: If applicable, upon Close Of Escrow, Buyer agrees to pay compensation to Broker as specified in a separate written agreement between Buyer and Broker.

30. TERMS AND CONDITIONS OF OFFER:
This is an offer to purchase the Property on the above terms and conditions. All paragraphs with spaces for initials by Buyer and Seller are incorporated in this Agreement only if initialed by all parties. If at least one but not all parties initial, a counter offer is required until agreement is reached. Seller has the right to continue to offer the Property for sale and to accept any other offer at any time prior to notification of Acceptance. Buyer has read and acknowledges receipt of a Copy of the offer and agrees to the above confirmation of agency relationships. If this offer is accepted and Buyer subsequently defaults, Buyer may be responsible for payment of Brokers' compensation. This Agreement and any supplement, addendum or modification, including any Copy, may be Signed in two or more counterparts, all of which shall constitute one and the same writing.

Buyer's Initials (______)(______)
Seller's Initials (______)(______)
Reviewed by ________ Date ________

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EQUAL HOUSING OPPORTUNITY
PERPULY

LJP0007

Property Address: 335 - 337 'OMAN STREET SAN DIEGO, 92114 Date: March 17, 2007

31. **EXPIRATION OF OFFER:** This offer shall be deemed revoked and the deposit shall be returned unless the offer is Signed by Seller and a Copy of the Signed offer is personally received by Buyer, or by ____________, who is authorized to receive it by 5:00 PM on the third Day after this offer is signed by Buyer (or, if checked, ☐ by ____________ (date), at ____________ ☐ AM ☐ PM).

Date 03/18/07 Date 3/18/07
BUYER [signature] BUYER [signature]
LUCINA R PERPULY JORGE L PERPULY
(Print name) (Print name)
990 KELTON ROAD, SAN DIEGO CA 92114
(Address)

32. **BROKER COMPENSATION FROM SELLER:**
A. Upon Close Of Escrow, Seller agrees to pay compensation to Broker as specified in a separate written agreement between Seller and Broker.
B. If escrow does not close, compensation is payable as specified in that separate written agreement.

33. **ACCEPTANCE OF OFFER:** Seller warrants that Seller is the owner of the Property, or has the authority to execute this Agreement. Seller accepts the above offer, agrees to sell the Property on the above terms and conditions, and agrees to the above confirmation of agency relationships. Seller has read and acknowledges receipt of a Copy of this Agreement, and authorizes Broker to deliver a Signed Copy to Buyer.
☒ (If checked) SUBJECT TO ATTACHED COUNTER OFFER, DATED 3/19/07

Date 3-29-2007 Date 3-20-2007
SELLER [signature] SELLER [signature]
MICHAEL MCKENZIE DIANE MCKENZIE
(Print name) (Print name)
1261 INDIAN CREEK DR. CHULA VISTA CA. 91915
(Address)

([initials]) (Initials) **CONFIRMATION OF ACCEPTANCE:** A Copy of Signed Acceptance was personally received by Buyer or Buyer's authorized agent on (date) 03/23/07 at 12:02 ☐ AM ☒ PM. **A binding Agreement is created when a Copy of Signed Acceptance is personally received by Buyer or Buyer's authorized agent whether or not confirmed in this document. Completion of this confirmation is not legally required in order to create a binding Agreement; it is solely intended to evidence the date that Confirmation of Acceptance has occurred.**

REAL ESTATE BROKERS:
A. **Real Estate Brokers are not parties to the Agreement between Buyer and Seller.**
B. **Agency relationships are confirmed as stated in paragraph 27.**
C. If specified in paragraph 2A, Agent who submitted the offer for Buyer acknowledges receipt of deposit.
D. **COOPERATING BROKER COMPENSATION:** Listing Broker agrees to pay Cooperating Broker (Selling Firm) and Cooperating Broker agrees to accept, out of Listing Broker's proceeds in escrow: (i) the amount specified in the MLS, provided Cooperating Broker is a Participant of the MLS in which the Property is offered for sale or a reciprocal MLS; or (ii) ☐ (if checked) the amount specified in a separate written agreement (C.A.R. Form CBC) between Listing Broker and Cooperating Broker.

Real Estate Broker (Selling Firm) INDEPENDENT REALTY GROUP, INC. DRE Lic. # 01516218
By JESSIA MARIA METCALF DRE Lic. # 01729822 Date
Address 7420 CLAIREMONT MESA BLVD.# 108 City SAN DIEGO State CA Zip 92111
Telephone ____ Fax (858)764-5414 E-mail JMETCALF@IRGAGENT.COM

Real Estate Broker (Listing Firm) UNified Realty Inc DRE Lic. #
By Mike McKenzie or Ray Ansay DRE Lic. # Date 20 MAR. 2007
Address 619 EAST 8th STREET City CHULA VISTA State CA Zip 91950
Telephone 619-474-0888 Fax 619 474-0298 E-mail MACDI2000@Yahoo.com

ESCROW HOLDER ACKNOWLEDGMENT:
Escrow Holder acknowledges receipt of a Copy of this Agreement, (if checked, ☐ a deposit in the amount of $____________), counter offer numbers ____________ and ____________, and agrees to act as Escrow Holder subject to paragraph 28 of this Agreement, any supplemental escrow instructions and the terms of Escrow Holder's general provisions.

Escrow Holder is advised that the date of Confirmation of Acceptance of the Agreement as between Buyer and Seller is ____________

Escrow Holder ____________ Escrow # ____________
By ____________ Date ____________
Address ____________
Phone/Fax/E-mail ____________
Escrow Holder is licensed by the California Department of ☐ Corporations, ☐ Insurance, ☐ Real Estate. License # ____________

(____/____) **REJECTION OF OFFER:** No counter offer is being made. This offer was reviewed and rejected by Seller on ____________ (Date)
(Seller's Initials)

THIS FORM HAS BEEN APPROVED BY THE CALIFORNIA ASSOCIATION OF REALTORS® (C.A.R.). NO REPRESENTATION IS MADE AS TO THE LEGAL VALIDITY OR ADEQUACY OF ANY PROVISION IN ANY SPECIFIC TRANSACTION. A REAL ESTATE BROKER IS THE PERSON QUALIFIED TO ADVISE ON REAL ESTATE TRANSACTIONS. IF YOU DESIRE LEGAL OR TAX ADVICE, CONSULT AN APPROPRIATE PROFESSIONAL.
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Reviewed by ____________ Date ____________

EXHIBIT "3"

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Police: Bodies Found May Have Been Stabbed To Death

POSTED: 2:48 pm PDT April 24, 2007
UPDATED: 10:24 am PDT April 25, 2007

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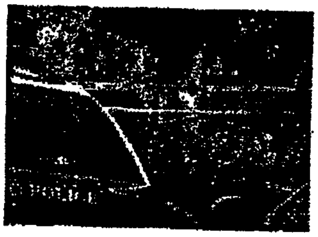

Bodies Found In Home
- Images

SAN DIEGO -- Autopsies will be performed Wednesday on the bodies of two men who were apparently stabbed to death in a Skyline-area home.

The discovery of the bodies in a one-bedroom duplex in the 300 block of Woodman Street was reported shortly after 1 p.m. Tuesday, according to San Diego police.

Both victims, found in separate rooms, appeared to have been stabbed to death, said San Diego police Lt. Kevin Rooney.

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Autopsies were slated to be performed on the bodies Wednesday morning, according to the San Diego County Medical Examiner's Office.

The person who reported finding the bodies apparently was a relative of the decedents, San Diego police Detective Gary Hassen said.

The regular resident of the unit was a 70-year-old man who had been hospitalized for the past week. He called two relatives and asked them to check on his home and pick up some personal items, Rooney said.

The relatives found the front door open and when they went inside, they found that several items had been stolen from the home. Then they found the two bodies, which had apparently been there for a few days, according to Rooney.

The identities of the victims had not been released as of Wednesday morning.

The homeowner's Dodge Caravan, which was missing from the home when the deaths were reported, was spotted near a jogging trail close to Interstate 5 in Encinitas Tuesday night, Rooney said, adding parking tickets on the windshield indicated it had been there for several days.

Detectives located the van and impounded it. They had hoped any evidence in the recovered vehicle would help lead them to the killer or killers, but nothing of note was discovered inside it, Rooney said.

Anyone with additional information about the vehicle or the crime was asked to call San Diego police homicide detectives at 619-531-2293.

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Exhibit F

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News | San Diego

Man pleads not guilty to 2 charges of murder

UNION-TRIBUNE

7:24 a.m. August 22, 2007

SAN DIEGO: A 25-year-old Carmel Valley man has been arrested in connection with the April 24 slayings of Rock Walker, 51, and Daniel Collins, 50, in the Skyline neighborhood in southeastern San Diego.

Samuel Joseph Graham III was arrested Thursday at an apartment on El Camino Real in Carmel Valley. Evidence from the scene of the killings processed by the police crime lab helped lead to the arrest, San Diego police homicide unit Lt. Kevin Rooney said yesterday.

Graham was arraigned yesterday. He pleaded not guilty to two charges of murder, robbery and residential burglary.

The victims were found stabbed to death in a ransacked duplex. Police said they had been dead for a few days.

Walker and Collins were staying at the Woodman Street apartment, south of Imperial Avenue, while the 70-year-old tenant was in a hospital. He had phoned relatives, asking them to bring him personal items from his apartment. When relatives arrived, they found the front door open, the living room ransacked and two bodies in separate rooms, police said.

Property had been taken from the apartment. The tenant's Dodge Caravan, also missing, was recovered in Encinitas later that night.

The tenant told police he lived alone.

Deputy District Attorney Allen Brown said Graham faces special-circumstance allegations – including murder during a robbery and multiple murders – that allow prosecutors to seek the death penalty if he is convicted.–J.H., P.R. and D.L.

Find this article at:
http://www.signonsandiego.com/news/metro/20070822-0724-pubsafe4.html

☐ Check the box to include the list of links referenced in the article.

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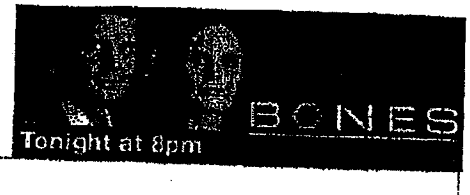
Exhibit F



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Skyline Deaths

Last Update: Apr 25, 2007 12:00 AM

San Diego homicide detectives are investigating the discovery of two bodies Tuesday in Skyline. They were found inside a one bedroom duplex on the 300 block of Woodman.

Authorities say the primary resident of the duplex is a man in his 70's who's been in the hospital the past week. He asked relatives to stop by the duplex and pick-up something for him.

"When they arrived here, they found the door open and when they went inside they found the house ransacked," according to Lt. Kevin Rooney of the San Diego Police Homocide Unit.

Area residents say the duplex where the bodies were found is one of a number of rundown homes that have been the target of border patrol raids in years past.

Police have not identified the victims, only saying they're both male with signs of trauma.

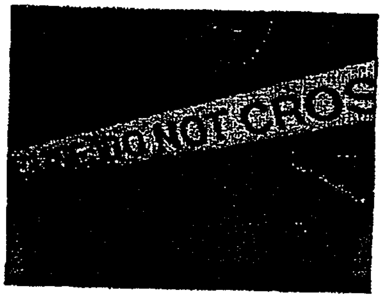

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Exhibit F

EXHIBIT "4"

CALIFORNIA ASSOCIATION OF REALTORS®

REAL ESTATE TRANSFER DISCLOSURE STATEMENT

(CALIFORNIA CIVIL CODE §1102, ET SEQ)

(C.A.R. Form TDS, Revised 10/03)

THIS DISCLOSURE STATEMENT CONCERNS THE REAL PROPERTY SITUATED IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, DESCRIBED AS 735-737 WOODMAN, SAN DIEGO CA 92114.

THIS STATEMENT IS A DISCLOSURE OF THE CONDITION OF THE ABOVE DESCRIBED PROPERTY IN COMPLIANCE WITH SECTION 1102 OF THE CIVIL CODE AS OF (date) March 22, 2007. IT IS NOT A WARRANTY OF ANY KIND BY THE SELLER(S) OR ANY AGENT(S) REPRESENTING ANY PRINCIPAL(S) IN THIS TRANSACTION, AND IS NOT A SUBSTITUTE FOR ANY INSPECTIONS OR WARRANTIES THE PRINCIPAL(S) MAY WISH TO OBTAIN.

I. COORDINATION WITH OTHER DISCLOSURE FORMS

This Real Estate Transfer Disclosure Statement is made pursuant to Section 1102 of the Civil Code. Other statutes require disclosures, depending upon the details of the particular real estate transaction (for example: special study zone and purchase-money liens on residential property).

Substituted Disclosures: The following disclosures and other disclosures required by law, including the Natural Hazard Disclosure Report/Statement that may include airport annoyances, earthquake, fire, flood, or special assessment information, have or will be made in connection with this real estate transfer, and are intended to satisfy the disclosure obligations on this form, where the subject matter is the same:

☐ Inspection reports completed pursuant to the contract of sale or receipt for deposit.

☐ Additional inspection reports or disclosures: ______

II. SELLER'S INFORMATION

The Seller discloses the following information with the knowledge that even though this is not a warranty, prospective Buyers may rely on this information in deciding whether and on what terms to purchase the subject property. Seller hereby authorizes any agent(s) representing any principal(s) in this transaction to provide a copy of this statement to any person or entity in connection with any actual or anticipated sale of the property.

THE FOLLOWING ARE REPRESENTATIONS MADE BY THE SELLER(S) AND ARE NOT THE REPRESENTATIONS OF THE AGENT(S), IF ANY. THIS INFORMATION IS A DISCLOSURE AND IS NOT INTENDED TO BE PART OF ANY CONTRACT BETWEEN THE BUYER AND SELLER.

Seller ☐ is ☒ is not occupying the property.

A. The subject property has the items checked below (read across):

☐ Range	☑ Oven	☐ Microwave
☐ Dishwasher	☐ Trash Compactor	☐ Garbage Disposal
☐ Washer/Dryer Hookups		☐ Rain Gutters
☐ Burglar Alarms	☑ Smoke Detector(s)	☐ Fire Alarm
☐ T.V. Antenna	☐ Satellite Dish	☐ Intercom
☐ Central Heating	☐ Central Air Conditioning	☐ Evaporator Cooler(s)
☐ Wall/Window Air Conditioning	☐ Sprinklers	☐ Public Sewer System
☐ Septic Tank	☐ Sump Pump	☐ Water Softener
☐ Patio/Decking	☐ Built-in Barbecue	☐ Gazebo
☐ Sauna		
☐ Hot Tub ☐ Locking Safety Cover*	☐ Pool ☐ Child Resistant Barrier*	☐ Spa ☐ Locking Safety Cover*
☐ Security Gate(s)	☐ Automatic Garage Door Opener(s)*	☐ Number Remote Controls ____
Garage: ☑ Attached	☐ Not Attached	☐ Carport
Pool/Spa Heater: ☐ Gas	☐ Solar	☐ Electric
Water Heater: ☑ Gas	☑ Water Heater Anchored, Braced, or Strapped*	☐ Private Utility or
Water Supply: ☑ City	☐ Well	Other ____
Gas Supply: ☐ Utility	☐ Bottled	
☑ Window Screens	☐ Window Security Bars ☐ Quick Release Mechanism on Bedroom Windows*	

Exhaust Fan(s) in ______ 220 Volt Wiring in ______ Fireplace(s) in ______

☐ Gas Starter ______ ☐ Roof(s): Type: SHINGLES Age: 2 years (approx.)

☐ Other: ______

Are there, to the best of your (Seller's) knowledge, any of the above that are not in operating condition? ☐ Yes ☑ No. If yes, then describe. (Attach additional sheets if necessary): ______

(*see footnote on page 2)

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Buyer's Initials (BPR)(JFL)
Seller's Initials (M.M.)(DM)

Reviewed by ______ Date ______

EQUAL HOUSING OPPORTUNITY

Agent: Ray Tinsay Phone: (619) 474-0888 Fax: (619) 474-0298 Prepared using WINForms® software
Broker: Unified Realty 619 E. 8th Street, National City CA 91950

Property Address: 335-337 WOOD SAN DIEGO CA 92114 Date: March 22, 2007

B. Are you (Seller) aware of any significant defects/malfunctions in any of the following? ☐ Yes ☑ No. If yes, check appropriate space(s) below.

☐ Interior Walls ☐ Ceilings ☐ Floors ☐ Exterior Walls ☐ Insulation ☐ Roof(s) ☐ Windows ☐ Doors ☐ Foundation ☐ Slab(s) ☐ Driveways ☐ Sidewalks ☐ Walls/Fences ☐ Electrical Systems ☐ Plumbing/Sewers/Septics ☐ Other Structural Components (Describe:)

If any of the above is checked, explain. (Attach additional sheets if necessary):

*This garage door opener or child resistant pool barrier may not be in compliance with the safety standards relating to automatic reversing devices as set forth in Chapter 12.5 (commencing with Section 19890) of Part 3 of Division 13 of, or with the pool safety standards of Article 2.5 (commencing with Section 115920) of Chapter 5 of Part 10 of Division 104 of, the Health and Safety Code. The water heater may not be anchored, braced, or strapped in accordance with Section 19211 of the Health and Safety Code. Window security bars may not have quick release mechanisms in compliance with the 1995 Edition of the California Building Standards Code.

C. Are you (Seller) aware of any the following:

1. Substances, materials, or products which may be an environmental hazard such as, but not limited to, asbestos, formaldehyde, radon gas, lead-based paint, mold, fuel or chemical storage tanks, and contaminated soil or water on the subject property ☐ Yes ☑ No
2. Features of the property shared in common with adjoining landowners, such as walls, fences, and driveways, whose use or responsibility for maintenance may have an effect on the subject property ☑ Yes ☐ No
3. Any encroachments, easements or similar matters that may affect your interest in the subject property ☑ Yes ☐ No
4. Room additions, structural modifications, or other alterations or repairs made without necessary permits ☐ Yes ☑ No
5. Room additions, structural modifications, or other alterations or repairs not in compliance with building codes ☐ Yes ☑ No
6. Fill (compacted or otherwise) on the property or any portion thereof ☐ Yes ☑ No
7. Any settling from any cause, or slippage, sliding, or other soil problems ☐ Yes ☑ No
8. Flooding, drainage or grading problems ☐ Yes ☑ No
9. Major damage to the property or any of the structures from fire, earthquake, floods, or landslides ☐ Yes ☑ No
10. Any zoning violations, nonconforming uses, violations of "setback" requirements ☐ Yes ☑ No
11. Neighborhood noise problems or other nuisances ☐ Yes ☑ No
12. CC&R's or other deed restrictions or obligations ☐ Yes ☑ No
13. Homeowners' Association which has any authority over the subject property ☐ Yes ☑ No
14. Any "common area" (facilities such as pools, tennis courts, walkways, or other areas co-owned in undivided interest with others) ☐ Yes ☑ No
15. Any notices of abatement or citations against the property ☐ Yes ☑ No
16. Any lawsuits by or against the seller threatening to or affecting this real property, including any lawsuits alleging a defect or deficiency in this real property or "common areas" (facilities such as pools, tennis courts, walkways, or other areas, co-owned in undivided interest with others) ☐ Yes ☐ No

If the answer to any of these is yes, explain. (Attach additional sheets if necessary): ENTRY WALL TO UNITS IS A SHARED EASEMENT ALONG DRIVEWAY. UNIT 337-B THE ONE BEDROOM IS NOT PERMITTED IT WAS PURCHASE that WAY WHEN I Bought. EXTRA INCOME.

Seller certifies that the information herein is true and correct to the best of the Seller's knowledge as of the date signed by the Seller.

Seller [signature] MIKE MCKENSIE Date 03/22/2007

Seller [signature] DIANE MCKENSIE Date 03/22/2007

Buyer's Initials ([initials])([initials])

Reviewed by ______ Date ______

EQUAL HOUSING OPPORTUNITY

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Property Address: ~~535-537~~ 335-337 WOODMI SAN DIEGO CA 92114 Date: March 22, 2007

III. AGENT'S INSPECTION DISCLOSURE

(To be completed only if the Seller is represented by an agent in this transaction.)

THE UNDERSIGNED, BASED ON THE ABOVE INQUIRY OF THE SELLER(S) AS TO THE CONDITION OF THE PROPERTY AND BASED ON A REASONABLY COMPETENT AND DILIGENT VISUAL INSPECTION OF THE ACCESSIBLE AREAS OF THE PROPERTY IN CONJUNCTION WITH THAT INQUIRY, STATES THE FOLLOWING:

☒ Agent notes no items for disclosure.

☐ Agent notes the following items: PROPERTY APPEARS IN GOOD CONDITION. HHOWEVER BUYERS ARE ADVISE TO HIRE A PROFESSIONAL BUILDING INSPECTOR TO SATISFY SELF AS TO PRESENT PHYSICAL CONDITION OF THE PROPERTY.

Agent (Broker Representing Seller) UNIFIED REALTY INC. (Please Print) By Mike McKenzie (Associate Licensee or Broker Signature) MIKE MCKENZIE Date 03/22/2007

IV. AGENT'S INSPECTION DISCLOSURE

(To be completed only if the agent who has obtained the offer is other than the agent above.)

THE UNDERSIGNED, BASED ON A REASONABLY COMPETENT AND DILIGENT VISUAL INSPECTION OF THE ACCESSIBLE AREAS OF THE PROPERTY, STATES THE FOLLOWING:

☐ Agent notes no items for disclosure.

☒ Agent notes the following items: Property seemed in good condition; However I recommend buyers to hire a professional Home inspector to satisfied self as to present physical condition of the property.

Agent (Broker Obtaining the Offer) INDEPENDENT MORTGAGE GROUP (Please Print) By J. Metcalf (Associate Licensee or Broker Signature) JESSICA METCALF Date 3/23/07

V. BUYER(S) AND SELLER(S) MAY WISH TO OBTAIN PROFESSIONAL ADVICE AND/OR INSPECTIONS OF THE PROPERTY AND TO PROVIDE FOR APPROPRIATE PROVISIONS IN A CONTRACT BETWEEN BUYER AND SELLER(S) WITH RESPECT TO ANY ADVICE/INSPECTIONS/DEFECTS.

I/WE ACKNOWLEDGE RECEIPT OF A COPY OF THIS STATEMENT.

Seller Michael McKenzie MIKE MCKENZIE Date 3-22-07 Buyer [signature] JORGE PERPULY Date 3/23/7

Seller Diane McKenzie DIANE MCKENZIE Date 22 MAR 07 Buyer [signature] LUCINA PERPULY Date 03/23/07

Agent (Broker Representing Seller) UNIFIED REALTY INC (Please Print) By Michael McKenzie (Associate Licensee or Broker Signature) MIKE MCKENZIE Date 03/22/2007

Agent (Broker Obtaining the Offer) INDEPENDENT MORTGAGE GROUP (Please Print) By J. Metcalf (Associate Licensee or Broker Signature) JESSICA METCALF Date 3/23/07

SECTION 1102.3 OF THE CIVIL CODE PROVIDES A BUYER WITH THE RIGHT TO RESCIND A PURCHASE CONTRACT FOR AT LEAST THREE DAYS AFTER THE DELIVERY OF THIS DISCLOSURE IF DELIVERY OCCURS AFTER THE SIGNING OF AN OFFER TO PURCHASE. IF YOU WISH TO RESCIND THE CONTRACT, YOU MUST ACT WITHIN THE PRESCRIBED PERIOD.

A REAL ESTATE BROKER IS QUALIFIED TO ADVISE ON REAL ESTATE. IF YOU DESIRE LEGAL ADVICE, CONSULT YOUR ATTORNEY.

THIS FORM HAS BEEN APPROVED BY THE CALIFORNIA ASSOCIATION OF REALTORS® (C.A.R.). NO REPRESENTATION IS MADE AS TO THE LEGAL VALIDITY OR ADEQUACY OF ANY PROVISION IN ANY SPECIFIC TRANSACTION. A REAL ESTATE BROKER IS THE PERSON QUALIFIED TO ADVISE ON REAL ESTATE TRANSACTIONS. IF YOU DESIRE LEGAL OR TAX ADVICE, CONSULT AN APPROPRIATE PROFESSIONAL.
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Reviewed by ______ Date ______

EQUAL HOUSING OPPORTUNITY

EXHIBIT "5"

SELLER'S ADDITIONAL DISCLOSURES

Addendum to the Real Estate Transfer Disclosure Statement

Seller: MCKENZIE Date: MAR. 22, 2007

Property Address: 335-337 WOODMAN ST. S.D. 92114

This Addendum supplements the Real Estate Transfer Disclosure Statement. This Addendum is not required by statute. It is intended to aid Seller in providing disclosure of facts materially affecting the value or desirability of the property. This Addendum is not an indication of what Seller is willing to repair. It is not a warranty of any kind by Seller or Agent representing Principal in this transaction. It is not a substitute for any inspections or warranties Principal may wish to obtain. Buyer understands Seller may not be aware of defects that may exist on the property. The following representations are made by Seller and are not representations made by Broker.

Circle the appropriate response for each question. For each YES circled, give an explanation on the lines provided below. If there is insufficient space, use the "ADDITIONAL INFORMATION" section on page 3 of this Addendum or attach an additional sheet.

A. REPORTS

1. Are you aware of any existing reports or inspections which contain information regarding the subject property? Yes (No)
   If yes, state the type of report, who prepared it, when issued and attach a copy of report if available.

B. OWNERSHIP AND TITLE

1. Is the real property leased, subject to an option to purchase or a first right of refusal? Yes (No)
2. Are any of the items listed in Section A of the Real Estate Transfer Disclosure Statement rented or leased rather than owned by you? (Examples: water softener, security system) Yes (No)
   If yes, list items:

Note: Buyer may not be obligated or authorized to assume Seller's lease(s). Seller and Buyer must determine the disposition of leased items.

C. BOUNDARIES, PROPERTY LIMITS AND EASEMENTS

1. Are you aware of any boundary survey other than the original survey? Yes (No)
2. Are you aware of any boundary dispute, now or previously, affecting the property? Yes (No)
   If yes, please explain:

Buyer and Seller acknowledge receipt of copy of this page, which constitutes Page 1 of 4 pages.
Buyer's Initials (JFK) (SPL) Seller's Initials (MM) (DM)

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Tel: 800-525-2102 Web: www.sdar.com
Revision Date: August 2001

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Reviewed by Broker or Designee: ____
Date: ____

Property Address: 335 - 337 WOODMAN

3. Is the property fenced? **(Yes circled)** Yes No
   If yes, where: sides ✓ back ____ front ____
   Are fences located: within property lines ____ within the neighbors' property ____ on the line ____ not sure ✓
   Which owner built the fence(s)? ____________ Who maintains the fence(s)? ____________
4. Are you aware of anyone other than the owner using the property, traveling over the property, using private roads and/or has a road maintenance agreement? Yes No **(No circled)**
   If yes, please explain: ____________
5. Are you aware of any part of your or a neighbor's roof, tree or shrub overhanging a property line? Yes No **(No circled)**
   If yes, please explain: ____________

D. ROOF

1. Are you aware of the roof having leaked during your ownership? **(Yes circled)** Yes No
2. Are you aware of the roof having been: repaired ✓ replaced ____ resurfaced ____ **(Yes circled)** Yes No
   If yes, please give an explanation, approximate date and the name of the person or company that did the work: ROOF WAS REPAIRED OF LEAKS
   Was there a guarantee or warranty on the work and/or materials? **(Yes circled)** Yes No
   If yes, when SEPT 06 by whom ____________ for how long ____________
   Please provide a copy of the guarantee/warranty.
3. Are you aware of any gutters and down spouts? Yes No **(No circled)**
   If yes, are you aware of holes or rust? Yes No **(No circled)**
   Is the water directed away from the structure? Yes No **(No circled)**

E. OTHER CONDITIONS AND DISCLOSURES

Are you aware of any of the following conditions:

1. Problem with retaining walls (bulges, cracks, etc.)? Yes No **(No circled)**
2. Sump, ejector or circulating pump for water or waste systems? Yes No **(No circled)**
3. Any hard wood floors? (specify which rooms) ____________ Yes No **(No circled)**
4. Exterior wall or ceiling without insulation? Yes No **(No circled)**
5. Death on the property in the past three years? Yes No **(No circled)**
6. Plastic, including polybutelene in water supply plumbing? Yes No **(No circled)**
7. Standing or ponding water after rainfalls or watering or around sprinklers? Yes No **(No circled)**
8. Part of the property subject to special governmental review such as hillside review, slope restrictions, open space requirements or conditions other than normal setbacks? Yes No **(No circled)**
9. Current or proposed construction that will affect existing views? Yes No **(No circled)**
10. Current or proposed construction, near the property, of public or private facilities, such as highways, high rise buildings or commercial development? Yes No **(No circled)**
11. Any federal or state property in or near the neighborhood used now or in the past for military training purposes? Yes No **(No circled)**
12. Any dumps, toxic or waste disposal sites, airports, prisons, mines, gravel pits or other such facilities in or near the neighborhood? Yes No **(No circled)**
13. Any cracks in or repairs to the slab or foundation? Yes No **(No circled)**
14. Any conditions on adjacent and neighborhood properties such as unstable soils, cracked slabs, poor drainage, which may affect the value or desirability of the property? Yes No **(No circled)**
15. Any obnoxious odors? Yes No **(No circled)**
16. High-voltage power lines on or near the property? Yes No **(No circled)**
17. High-pressure gas lines on or near the property? Yes No **(No circled)**
18. Any water leaks around and/or under sinks, toilets, showers, bathtubs, windows, skylights, doors, chimneys or other? Yes No **(No circled)**

Please explain every YES answer above. Use the "ADDITIONAL INFORMATION" section on page 3 or attach an additional sheet.

Buyer and Seller acknowledge receipt of copy of this page, which constitutes Page 2 of 4 pages.
Buyer's Initials ([initials]) (JPL) Seller's Initials ([initials]) ([initials])

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Reviewed by Broker or Designee: ____________
Date: ____________

Property Address: 337-337 WOODMAN

F. LEGAL ACTIONS, CLAIMS AND LIENS AFFECTING PROPERTY

1. Are you aware of any lawsuits or arbitrations, pending or threatened, or claims affecting the property? Yes (No)
2. Are you aware of any judgments, tax liens, mechanic's liens, or other liens or claims of any kind affecting the property? Yes (No)
3. Are you aware of any lawsuits or arbitrations, pending or threatened, or claims against any owner that may affect the owner's ability to transfer title to the property? Yes (No)
4. Are you aware of any past lawsuits or arbitrations affecting this real property, including any construction defects? Yes (No)
5. Have you received any compensation in a settlement or litigation involving any property defect? Yes (No)
   If yes, what related repairs were completed? ______

   Was any compensation received? ______

G. COMMON INTEREST DEVELOPMENTS

If the property is in a planned unit development, such as a condominium, please answer the following questions:

1. Are you aware of your complex being a conversion from apartments to condominiums? Yes (No)
2. Give the number, location, and type of parking space(s) assigned to the property.
   Do you own ______ rent ______ lease ______ your parking space(s)?
   What is your parking space(s) assignment number? ______
   What is the cost of the parking space(s)? ______
3. Are you aware of any current violations of restrictions in your unit or in the common area? Yes (No)
   If yes, please explain: ______
4. Are you aware of any pending or proposed dues increases or special assessments? Yes (No)
   If yes, please explain: ______
5. Have you or are you aware of a prior owner who has constructed or modified a patio, balcony, fence or other part of this home? Yes (No)
   If yes, please provide a copy of homeowners' association approval, if applicable and available.
   Did you obtain the homeowners' association approval? Yes (No)
6. Are you aware of any significant defect/malfunction in the common area? Yes (No)
   If yes, please explain: ______

H. MULTI-FAMILY

If the property is two or more units, please answer the following questions:

1. Is the property legally approved for ______ living units? (Yes) No
2. Do all units have building permits? Yes (No)
3. Are all units individually metered? Yes (No)
   If yes, which one(s): gas ______ electric ______ water ______
4. Are there any agreements of any kind with the tenants that are not in writing? Yes (No)
5. Are you aware of any illegal activity being conducted in any unit, such as drug sales or conducting business in violation of zoning restrictions? Yes (No)

I. ADDITIONAL INFORMATION

Use the following space to explain any preceding item on this Addendum that needs further explanation; or to disclose and explain any other information not previously requested which materially affects the value or desirability of the property.

______

Buyer and Seller acknowledge receipt of copy of this page, which constitutes Page 3 of 4 pages.
Buyer's Initials ( ) ( ) Seller's Initials ( ) ( )

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Date: ______

LJP0081

Property Address: 335-337 WOODMAN ST.

ADDITIONAL INFORMATION (Continued)

SELLER ACKNOWLEDGMENT

Each Seller individually acknowledges that he/she read and independently completed this Addendum. Each Seller certifies that the information herein is true, complete and correct to the best of his/her knowledge.

Seller M. MCKENZIE Date 3-22-07

Seller D. MCKENZIE Date 3-22-07

BUYER'S LEGAL DUTY TO EXERCISE REASONABLE CARE

California law requires Buyer to exercise reasonable care to protect himself/herself, including the evaluation of those facts which are known or within the diligent attention and observation of Buyer (Civil Code Section 2079.5). Under this statute, Broker also has a responsibility to disclose to Buyer any conditions that would affect the value or desirability of the property Broker may have observed while conducting a diligent visual inspection of the accessible areas of the property.

Seller may not be aware of defects that may exist in the property. It is Buyer's responsibility to investigate the property. The disclosures in this Addendum are made by Seller and not by Broker. However, Broker is required to make a reasonably competent and diligent visual inspection of accessible areas, and to disclose to prospective purchasers all known facts affecting the value and desirability of the property (see Parts III and IV of the Real Estate Transfer Disclosure Statement). Buyer should refer to Buyer's Election of Inspections form (BEI-11) for further inspection explanation.

Buyer is advised to obtain professional inspection on the condition of the property. Each Buyer looks at a house differently: what may concern one person may be perfectly acceptable to another. Therefore, the Real Estate Transfer Disclosure Statement and this Addendum do not in any way relieve Buyer from Buyer's responsibility to make an independent diligent inspection of the property, to hire all necessary inspectors, to provide these inspectors with the Real Estate Transfer Disclosure Statement and this Addendum, and to ask questions that may be pertinent to ensure an informed decision.

ALL INSPECTIONS AND REPORTS should be undertaken by qualified, licensed trades people and/or professionals. Buyer should review all inspection reports with the person who performed the inspection.

For any special considerations such as schools, allergies or other health problems, or for religious or cultural concerns that relate to the property, it is Buyer's responsibility to ask Seller and/or otherwise independently satisfy himself/ herself about the property as it relates to these considerations.

BUYER ACKNOWLEDGEMENT

Each Buyer below acknowledges that he/she has read and understands this Addendum.

Buyer Date 03/23/07

Buyer Date 3/23/07

Buyer and Seller acknowledge receipt of copy of this page, which constitutes Page 4 of 4 pages.
Buyer's Initials ( ) (______) Seller's Initials (MM) (DM)

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Date: ______

LJP0082

EXHIBIT "6"

04/11/2007 17:02 9343390 MIKE MCKENZIE PAGE 06
APR. 11. 2007 4:48PM INDEPENDENT MORTGAGE GROUP NO. 8187 P. 6

CALIFORNIA ASSOCIATION OF REALTORS®

SUPPLEMENTAL STATUTORY AND CONTRACTUAL DISCLOSURES

(C.A.R. Form SSD, Revised 4/06)

1. Seller makes the following disclosures with regard to the real property or manufactured home described as 335 / 337 Woodman St, Assessor's Parcel No. ______, situated in San Diego, County of San Diego, California, ("Property").
2. THE FOLLOWING ARE REPRESENTATIONS MADE BY THE SELLER AND ARE NOT THE REPRESENTATIONS OF THE AGENT(S), IF ANY. THIS DISCLOSURE STATEMENT IS NOT A WARRANTY OF ANY KIND BY THE SELLER OR ANY AGENT(S) AND IS NOT A SUBSTITUTE FOR ANY INSPECTIONS OR WARRANTIES THE PRINCIPAL(S) MAY WISH TO OBTAIN. A REAL ESTATE BROKER IS QUALIFIED TO ADVISE ON REAL ESTATE TRANSACTIONS. IF SELLER OR BUYER DESIRE LEGAL ADVICE, CONSULT AN ATTORNEY.
3. Are you (Seller) aware of any of the following? (Explain any "yes" answers below.)
   - A. Within the last 3 years, the death of an occupant of the Property upon the Property ☐ Yes ☒ No
   - B. An Order from a government health official identifying the Property as being contaminated by methamphetamine (If yes attach a copy of the Order) ☐ Yes ☒ No
   - C. Whether the Property is located in or adjacent to an "industrial use" zone ☐ Yes ☒ No (In general, a zone or district allowing manufacturing, commercial or airport uses.)
   - D. Whether the Property is affected by a nuisance created by an "industrial use" zone ☐ Yes ☒ No
   - E. Whether the Property is located within 1 mile of a former federal or state ordnance location ☐ Yes ☒ No (In general, an area once used for military training purposes that may contain potentially explosive munitions.)
   - F. Whether the Property is a condominium or located in a planned unit development or other common interest subdivision ☐ Yes ☒ No
   - G. Insurance claims affecting the Property within the past 5 years ☐ Yes ☒ No
   - H. Matters affecting title of the Property ☐ Yes ☒ No
   - I. Material facts or defects affecting the Property not otherwise disclosed to Buyer ☐ Yes ☒ No

   Explanation, or ☐ (if checked) see attached: ______

4. Seller represents that the information herein is true and correct to the best of Seller's knowledge as of the date signed by Seller. Seller hereby authorizes any agent(s) representing any principal(s) in this transaction to provide a Copy of this statement to any person or entity in connection with any actual or anticipated sale of the Property.

   Seller *[signature]* Mike McKenzie Date *4-11-07*

   Seller *[signature]* Date *4-11-07*

5. By signing below, Buyer acknowledges Buyer has read, understands and received a copy of this Supplemental Statutory and Contractual Disclosures.

   Buyer *[signature]* Lucina Parpaly Date *04/04/07*

   Buyer *[signature]* Date *4/14/07*

Agent (Broker Representing Seller) Unified Realty

By *[signature]* Mike McKenzie Date *4-11-07*
(Associate-Licensee or Broker Signature)

Agent (Broker Obtaining the Offer) Independent Realty Group

By *[signature]* Jessica Metcalf Date *4/14/07*
(Associate-Licensee or Broker Signature)

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Reviewed by ______ Date ______

Agent: Matthew J. Sorensen Phone: (858) 294-5288 Fax: (888) 784-8414 Prepared using WINForms® software
Broker: IRG - Independent Realty Group Inc. 7430 Clairemont Mesa Blvd. #100, San Diego CA 92111